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Economic Intelligence Weekly Review

27 October 1977

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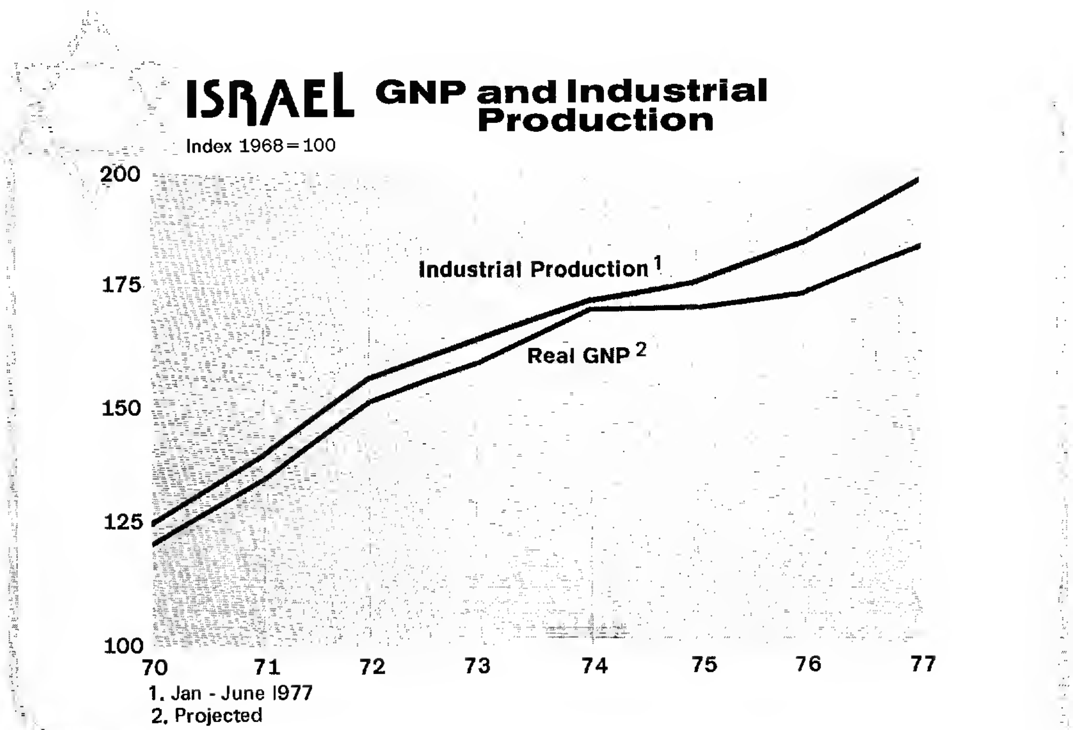
Articles

ISRAELI ECONOMY: GROWTH WITH AUSTERITY

The Israeli economy is well out of the 1974-75 recession after a pause brought on by preelection jitters and strikes. GNP is now rising at an annual rate of about 5 percent, unemployment is down to roughly 3 percent, and an export boom is cutting down the balance-of-payments deficit. Prime Minister Begin's immediate concerns are keeping the lid on domestic consumption and juggling the country's limited resources, particularly manpower. He will continue the previous



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government's efforts to spur exports and to limit the growth in civilian imports through periodic devaluations and fiscal restraints on domestic demand.

Recession Years and Interrupted Recovery

Israel's most severe economic slump in 25 years was brought on by (a) the severe balance-of-payments difficulties resulting from the massive defense program after the 1973 war and (b) the global economic downturn in 1974. This combination of factors pushed the 1974 goods and services deficit to $3.5 billion, forcing Tel Aviv to adopt austerity measures to curb private consumption and import demand. The program had the intended effect on the civilian economy; household spending in real terms stagnated in 1975, and fixed investment fell sharply. Even so, the trade and services deficit rose to a record $4.0 billion; military purchases abroad rose by $500 million, while civilian imports stayed the same.

For 1976 as a whole, real GNP increased less than 2 percent. Although the economy was picking up momentum in the first half, preelection uncertainties and labor unrest stifled the revival. More than one-third of government workers—who make up 25 percent of the civilian labor force—were out on strike at various times in November-December, taking advantage of the forthcoming election to seek higher wages. Wage rates in both the government and private sectors kept pace with the country's 40-percent inflation rate.

By constraining demand the government managed to cut the 1976 goods and services deficit to $3.2 billion, a gap easily covered by transfers, aid, and other capital inflows. The payments position was bolstered by substantial export gains, helped by almost monthly minidevaluations totaling 20 percent against the US dollar for the year. Despite continued austerity, the economy operated essentially on a full-employment basis. Key reasons for the continued high employment included reduced immigration, increased emigration, and higher military manpower requirements.

Israel: Migration

Persons

	Immigrants	Emigrants	Net Immigration
1970	31,043	12,759	18,284
1971	37,078	16,756	20,322
1972	52,353	16,996	35,357
1973	52,238	15,326	36,912
1974	29,722	30,528	− 806
1975	18,104	19,979	−1,875
1976	17,772	22,492	−4,720

Sustained Growth in 1977

The economy has gained considerable momentum this year following a rough fourth quarter 1976, when real GNP dipped slightly. The subsequent strong rebound, based primarily on increased exports of goods and services, should assure a

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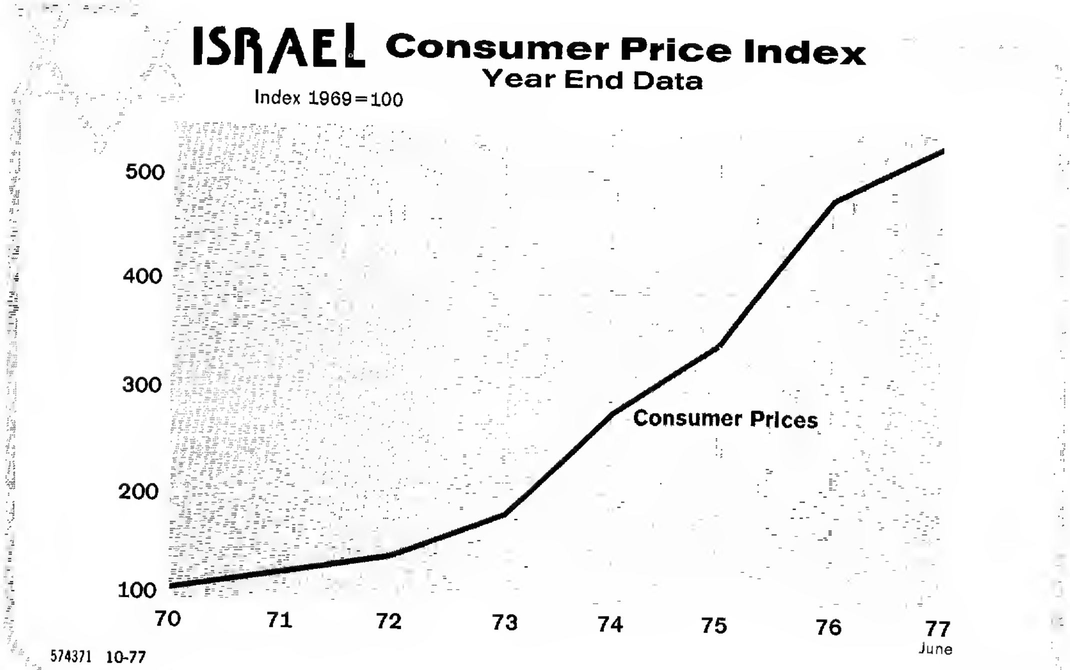
5-percent growth rate for 1977. Industrial production rose 9 percent in January-June, compared with second half 1976, and the improvement continued into the third quarter. Inventories are being worked down, and new investment in plant and equipment has picked up.

With recovery under way, the Begin government is carefully containing private consumption to accommodate export and military priorities. As part of the effort, government spending has continued to shrink after dropping 20 percent in real terms in early 1977. Large cuts in food subsidies and regular minidevaluations are also working to sop up purchasing power. In the last three and a half months, the Israelis have had six devaluations of nearly 2 percent each. Since November 1974 the value of the pound has dropped from 25 cents to less than a dime, one of the largest currency changes undertaken by any country in recent years.

The recent devaluations and subsidy cuts have fueled inflation, pushing consumer price increases to a 35-percent annual rate since mid-year compared with



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the 20-percent annual rate recorded between December 1976 and June 1977. The acceleration in inflation is now eroding most of the 9-percent gain in real hourly wages enjoyed by labor in the first half; as a result the rise in real wages for 1977 as a whole will probably be held to about 3 percent. The issue of wage restraint promises to heat up in the next few months as the negotiations on next year's wage settlements draw near. The Begin government appears to be taking a much harder line on the need for restraints than its predecessor and is holding to its promise of further austerity measures if settlements lead to real wage gains in 1978 of more than 2 percent. Indeed, Minister Ehrlich announced this week a further round of subsidy cuts.

Manpower Gets Tighter

The economic rebound is seriously straining the already tight labor market, adding to inflationary pressures. The squeeze is tightest in industry, where the number of unfilled job openings stood at 20,000 in mid-September, according to Finance Minister Erhlich. This shortfall equals 5 to 10 percent of the total industrial labor force.

Shortages of skilled workers have become more acute, not only because of the recovery but also because of continuing high military needs. Increased military requirements, including reserve time, now absorb upwards of 75,000 man-years more than in 1973.

Shortages of unskilled laborers are not as apparent, largely because the cutback in public construction remains in effect. The construction sector relies heavily on Arab laborers from the Gaza Strip and the West Bank. Roughly half of these workers—some 80,000 in 1973—have been attracted to higher paying jobs in other Middle East countries. In Jordan, for instance, semiskilled workers earn at least double the wage of their counterparts in Israel. The continued decline in the arrival of Jewish immigrants, a traditional source of new labor, combined with substantial Israeli emigration, is intensifying the supply problem.

Because of the tight manpower situation, many plants are able to operate only single shifts in spite of a growing backlog of orders. Moreover, government policies tend to inhibit overtime because of very high marginal tax rates. The average factory worker reportedly would pay out 50 percent or more of overtime or night differential in taxes. Government policies do, however, encourage increased housewife participation by exempting from taxes the first 2,000 Israeli pounds of income.

The Payments Problem

The Begin government still sees reduction of the current account deficit as its top economic priority. Rapid growth in commodity export earnings together with

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the boom in tourism will drop the deficit slightly to $3.0 billion in 1977. Merchandise exports in January-August were 30 percent above the same 1976 period, while tourist receipts jumped roughly 40 percent. Civilian imports of goods and services are expected to increase 10 percent in 1977, to $7 billion, with about half the gain reflecting higher dollar prices. The 5-percent volume increase is the first rise since 1974. The military import bill is expected to remain close to last year's level of $1.6 billion.

Transfers—both private and official—and capital inflows will more than cover the projected 1977 goods and services deficit. US aid drawdowns will be about $2.2 billion, $1.8 billion in US FY 1977 appropriations and another $400 million from previous authorizations. These inflows will also offset a substantial rise in debt repayment costs of $765 million this year, up from $600 million in 1976. Israel should end the year with a cushion of about $350 million, part of which will be used to reduce short-term debt accumulated in 1975.

Near-Term Outlook

With continued US assistance at the $1.8 billion level and a normal flow of other loans and transfers, Israel should be able to maintain a comfortable foreign economic position at least through 1978. We believe the deficit on the goods and services account could be reduced another $250 million to $350 million next year. The prospects for export growth are especially bright given the large backlog of export orders accumulated this year. Because of labor shortages, some manufacturing plants are reporting export backlogs as long as eight months.

The domestic economy also should continue to strengthen gradually during the next year or two. We think GNP probably will rise by about 5 percent again next year; a higher growth rate would quickly overheat the economy. With a growth of only 1 to 2 percent in the labor force and productivity gains of 3 to 4 percent, the economy simply cannot accommodate a faster rise in demand. To help meet labor and productivity growth targets, Tel Aviv has announced a 3-percent cut in total public service employment to shift workers to industry. The government is also encouraging voluntary movement to industry by continuing the former Labor government's practice of trying to keep public wages below comparable industrial rates.

With the focus on exports and labor shortages, the government will have to hold the line on real wages and, in turn, on personal consumption. In these circumstances, only gradual easing at best can be expected in present austerity measures over the next six months. If domestic demand rises too fast and is met by a sudden rise in civilian imports, austerity may well be tightened another notch.

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BRAZILIAN COFFEE: HOLDING OUT FOR HIGHER PRICES

Brazil's efforts to shore up sagging coffee prices until demand revives have intensified in recent weeks in the face of continued softening of the world market. Despite a wide range of tactics, Brazilian efforts to manipulate the market have only delayed further declines in world coffee prices as larger supplies confront reduced roaster and consumer demand. Brasilia is under pressure from financially pressed exporters and disenchanted growers to adjust its policy to current market conditions. Moreover, unless a policy reversal occurs quickly, Brazil will see this year's expected trade surplus turn into a deficit. Already rumors are circulating that Brazil may soon begin discounting its official price to stimulate sales.

Market Manipulation

Since midyear, Brazil has pulled out all stops in the attempt to bolster world coffee prices. Beginning in July the government prohibited new export contracts while maintaining a minimum export price of $3.20 per pound, which effectively priced Brazilian coffee out of the market. Although the prohibition on new export contracts was lifted in early October, the minimum price has been maintained while export taxes have been raised from $1.22 to $1.67 per pound. In addition to these measures the Coffee Institute of Brazil (IBC) bought 750,000 bags on world markets between July and September.

Brazil's market intervention thus far has done little more than slow the decline in coffee prices, which have dropped from the April 1977 peak of $3.36 per pound to the current $1.80. The market expects the drop to continue. Price quotes for December 1977 delivery contracts fell to less than $1.50 per pound in New York last week, with longer futures ranging downward to less than $1.25 per pound for December 1978 deliveries.

The World Coffee Situation

Brazilian efforts to manipulate the market since midyear have been based on a conviction that coffee prices will rebound as seasonal roaster demand comes into play by November. IBC technocrats have persisted in believing that consumer demand will fully recover from the slide experienced since prices first began to escalate in 1976 and that the global supply is sufficiently tight to bring back a sellers' market. These beliefs are hardly consistent with present market realities.

While roaster demand can be expected to show some seasonal improvement in fourth quarter 1977, requirements are likely to remain depressed. Roaster demand in the United States continues to run nearly 30 percent below last year's average, reflecting a sharp drop in final consumption, continued inventory drawdowns, and

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the expectation of continued price declines. Despite the drawdown in US roaster stocks, inventories are more than adequate to cover consumption needs for the remainder of 1977.

Global production for the current crop year should be up 15 percent, largely on the strength of increased Brazilian output. The Brazilian crop just harvested amounted to 17 million bags (estimate of USDA attache), nearly 80 percent above last year's disastrous crop. Caribbean, African, and Central American suppliers once again expect reasonably good production; these crops will be harvested over the next three to six months and should contribute to downward price pressures. Stocks in most producing countries other than Brazil are unusually low; moderate accumulation is expected in 1978.

Brazil's Coffee Balance[1]

Million Bags

	1974/75	1975/76	1976/77	1977/78	1978/79
Opening stocks	16.0	22.1	23.1	8.0	7.0
Production	27.5	23.0	9.5	17.0	19.5
Total supply	43.5	45.1	32.6	25.0	26.5
Net exports	−13.4	−14.0	−17.1	−12.0[2]	−12.0[2]
Domestic consumption	−8.0	−8.0	−7.5	−6.0[2]	−6.0[2]
Final stocks	22.1	23.1	8.0	7.0	8.5

[1] Coffee year beginning the month of July.
[2] Projected by the Coffee Institute of Brazil (IBC).

Pressures on Brazil To Shift Tactics

Brazil's hard-line policy is coming under increasing attack from domestic growers and exporters. By pricing its coffee out of the market and hiking export taxes, the government has effectively forced the private sector to accumulate excessive inventories. These have created serious cash-flow problems for both growers and exporters. Coffee trading companies were briefly soothed by a government decision in September to provide about $45 million in 90-day working capital loans to carry them over until 1978. Even so, at least one exporter has gone bankrupt and several others are in serious financial straits.

The government so far has offered little relief to growers. Despite demands for an immediate 25-percent price hike and a further increase in three months, the government has granted only a 25-percent increase effective January 1978. The delay in the price hike tends to backstop the government's policy of discouraging exports during fourth quarter 1977.

If the de facto ban on coffee exports continues, the cost in foreign exchange earnings will be substantial. Coffee earnings have been averaging only $30 to $40

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million per month since July, compared with a $313 million monthly average during January-June. The cost of withholding 3 million bags from the market during July-September amounted to nearly $600 million. Withholding coffee from the market for the remainder of 1977 would bring the foreign exchange forgone to at least $1 billion for 1977 as a whole.

The Short-Term Outlook

Brazil's only alternatives to growing market isolation are to (a) make a major cut in prices or (b) enter the market in a very agressive manner by purchasing several million bags during the remainder of 1977. While massive purchases would bolster prices, the advantage would fall to other producers, and the foreign exchange costs would total at least $400 million above the present cost of withholding exports. Brazil, already burdened by a massive foreign debt, cannot afford this course of action.

The Brazilian Government may be reconsidering its obdurate stand. Rumors are circulating that Brazil has or will soon offer discounts to large importers of perhaps $1.50 per pound below the official export floor price of $3.20. Any such last minute reversal of policy could force the resignation of Camillo Calazans, president of the IBC and the strongest proponent of the hard-line pricing policy.

Little help can be expected from other producing countries, even though most of them are sympathetic to Brazil's efforts to bolster prices. Indeed, last Friday, producers of mild Arabica coffee agreed to at least temporarily withhold exports to world markets. Nonetheless, prospects for extended producer unity are poor. For example, Colombia, the second largest coffee exporter, has steadily been reducing export prices since August to clear stocks of 2 million bags. 25X1

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ROMANIA: MORE CONSUMER AND LABOR PAINS AHEAD

Despite a reduction in investment goals, mounting energy and labor shortages, and hard currency constraints, the Ceausescu government is intent on maintaining rapid economic growth. The regime's difficulties are compounded by the damage to fixed structures caused by the March 1977 earthquake. Industrial productivity per worker is slated to grow by an unrealistic 10.4 percent per year for the balance of the 1976-80 plan. Even the attempt to achieve this target means further increases in the work pace and overtime of the already disgruntled Romanian worker. This intensified pressure will not be matched by parallel increases in wages or consumer goods.

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The Consumer

The level of personal consumption in Romania is only two-thirds of the level in Bulgaria and one-half the level in East Germany. Meat consumption per capita in 1975 totaled only 46 kilograms compared with 61 kilograms for Bulgaria and up to 82 kilograms for Czechoslovakia. Acute shortages of meat, sugar, and cooking oil have persisted. Housing is cramped and in short supply. High-quality clothing and other consumer goods also are scarce.

The government still expends much effort on concealing rather than solving consumer shortages. Fearing that formal rationing or steep price increases might provoke unrest, the regime has continued to ration scarce items informally on a first-come, first-served basis. Ceausescu tried to placate Bucharest residents last year by having choice cuts of meat displayed temporarily in stores during a speaking tour of suburban markets.

Little Relief in Sight

The Romanian consumer will have to remain content with small improvements in his frustrating life style. For example, per capita meat consumption is to rise less than 4 percent a year, down considerably from the 8-percent rate claimed for 1971-75. Slowdowns are also projected in the growth of social welfare benefits and in supplies of refrigerators, as well as such luxury goods as TV sets and automobiles. Money income will continue to outpace supplies of popular consumer goods, with shortages, queues, and poor quality continuing as features of everyday life. Furthermore, Ceausescu made it clear that any improvement in living standards will be closely linked to fulfillment of production plans.

Prior to the earthquake in March 1977, the housing plan for 1976-80 had been increased from 815,000 to 1 million units, compared with 780,000 built in 1971-75. Meeting the higher goal would require sharp increases in construction productivity and output of basic materials—both unlikely developments. The earthquake made this goal even more difficult to achieve, since repairs are now necessary on more than 200,000 damaged homes.

Labor

Ceausescu has stepped up demands on the labor force to counter increasing labor shortages and the impact of the March earthquake. Since March, the regime has lengthened the workweek, decreeing payless Sunday overtime in many factories and postponing its repeated promises to trim the workweek from 48 to 44 hours. In late June, the government promulgated a new pension law, which requires five years' more work before retirement and calls for annuities to increase more slowly than wages. In a move reminiscent of Chinese and Cuban experiments, Ceausescu ordered

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thousands of workers transferred from offices to factories and fields. In an August speech, he called for industrial labor productivity per worker to grow at an unrealistic 10.4 percent a year in 1978-80—up from the 6.5 percent claimed for 1971-75. Finally, the regime is threatening to dock wages up to 20 percent for inferior work.

In protest against some of these measures, the normally undemonstrative Romanian workers have staged a series of brief but ominous stoppages. The first, and most disruptive, occurred last August in the Jiu Valley coal mine, where workers were out three days and resumed work only after Ceausescu agreed to hear their grievances personally. According to one report, these same miners have staged one-hour-a-day stoppages since late September. Work interruptions also have occurred in a large machinery plant and, reportedly, in a textile mill. The chief complaints concerned the new pension law, payless overtime, and poor housing conditions. In addition, the coal miners have been worried that stepped-up mechanization of mining operations would result in many job losses.

Outlook

Ceausescu is running some risk in pushing rapid economic expansion at the expense of the worker-consumer. The recent disturbances suggest that the population is not responding to his exhortations for harder work and a conservative life style. If strikes and general unrest become widespread, Ceausescu will have to settle for lower growth, a reduction in factory speed-up plans, and increased emphasis on
25X1 the consumer sector. [redacted]

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MALTA: "THE BRITISH ARE LEAVING! THE BRITISH ARE LEAVING!"

Malta faces the threat of dramatic increases in unemployment and serious deterioration in the balance of payments when the British NATO base closes in 1979. Hoping to head off the problems, Prime Minister Dom Mintoff has visited various Arab, European, and Asian countries to drum up joint ventures with the Maltese Government and $300 million in financing. Because his political support comes from the left side of the political spectrum, Mintoff so far has done little to encourage private foreign investment that does not include participation by Valletta.

Economy Moving Along Smartly

Malta's economy has been performing well:

• In 1976, for the second consecutive year, GNP advanced 20 percent in real terms, reaching $524 million.

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- Consumer prices rose less than 1 percent in 1976, compared with almost 9 percent in 1975.

- The official unemployment rate slipped to 4.2 percent, compared with 4.6 percent in the previous year.

Despite the large trade deficit—imports are almost double exports—Malta's foreign payments position is strong. The current account has been in surplus since 1970, thanks largely to foreign exchange receipts from the British base. Foreign reserves now exceed $622 million, enough to finance 18 months of imports.

Under Mintoff's socialist guidelines, the government's role in the economy has grown substantially since 1971:

- By 1976, public spending equaled 42 percent of GNP and accounted for more than half of gross fixed investment.

- Consumer prices have been held down by government subsidies on necessities such as flour products, milk, sugar, and kerosene. While some of these subsidies were eliminated early this year, the government has provided households direct cash payments to offset the impact of higher prices.

- The government directly employs one-fourth of the labor force. The public works job corps alone accounts for 7 percent of the total labor force.

Industry remains largely in private hands. The government has part or sole ownership of 51 companies, including all telecommunications facilities and commercial banks. Valletta has entered into joint ventures with local and foreign entrepreneurs and with foreign governments, including China, Czechoslovakia, Libya, and North Korea. Mintoff has concentrated recent government efforts in export-oriented industries, led by textiles, clothing, footwear, printed matter, and ship building and repair. Many of the enterprises in which the government is involved are small and should be flexible in responding to changes in market conditions. Some, notably several joint ventures with Communist countries, are doing badly.

Private foreign investors have remained active in Malta despite Mintoff's bias in favor of state enterprise. West German investors in particular have recently increased their stake. Last year, the company providing the largest share of Malta's exports—21 percent—was a wholly American owned enterprise producing Wrangler jeans.

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In 1976, the British-operated NATO base provided about $73 million in foreign exchange—equivalent to 14 percent of GNP—and directly or indirectly employed more than 4 percent of the Maltese labor force of 115,300. Rent paid for the base amounted to $30.6 million. In addition, $8 million in soft loans linked to the base rental were provided by four NATO countries—the United States, Canada, West Germany, and Italy. The remaining $34.6 million in foreign exchange came from base expenditures on Maltese goods and services. The British directly employed 3,600 Maltese at a cost of $14.1 million. British expenditures on supplies, local contractors, utilities, and other services came to $20.5 million—estimated to provide employment for another 1,300 Maltese.

Malta: Current Account Balance

Million US $

	1975	1976
Trade balance	**−210.9**	**−193.7**
Exports, f.o.b.	167.5	229.0
Imports, f.o.b.	378.4	422.7
Net services	**200.2**	**182.2**
Tourism	61.6	53.9
Investment income	47.9	45.2
Transportation	27.8	30.8
Earnings from British base	44.8	34.6
Ship repair	32.2	27.3
Other	−14.1	−9.6
Net transfers	**76.5**	**75.1**
Public		
Rent from British base	35.4	30.6
Other	11.0	4.7
Private		
Worker remittances	24.9	30.2
Other	5.2	9.6
Current account balance	**65.8**	**63.6**

Employment Difficulties Starting in 1979

Because of the closing of the British NATO base, scheduled for 1979 under an agreement signed in 1972, the years of exceptional economic growth will be followed by lean years of unemployment unless a strong development effort is mounted. Without sustained large-scale growth in both investment and exports, far too few new jobs will be created to offset those eliminated by the base closing and employ the expected large additions to the labor force.

According to Maltese estimates, 23,700 new jobs will be needed by 1979 to keep unemployment from rising. This is a phenomenal number, considering that total employment in 1976 was only 110,400 persons and that the last 20,000-plus increment took 10 years. About 4,900 of these new jobs are needed to offset the base closure; the remaining 18,800 are needed for other reasons, including anticipated increases in the labor force and plans to reduce the public works job corps.

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The government claims that expansion of employment in existing industries and services and new projects on the drawing boards will create at most 11,700 new jobs by the end of 1979. The economy could indeed generate this many jobs if Malta can continue to expand exports as fast as in the recent past. Two factors make Malta highly competitive in international markets: low labor costs and a central location relative to European, North African, and Middle Eastern markets. Wages fall considerably below wages in major West European countries and even below wages in Spain and Greece.

Despite the slowness of economic recovery in many of its major markets, Malta's exports grew an amazing 43 percent in volume last year, and export industries provided 4,000 new jobs. According to Valletta's estimate, however, further growth is likely to leave about 12,000 persons looking for work two years hence, over and above those already unemployed. In the absence of further measures, the unemployment rate thus would rise to about 13 percent by the end of 1979—a level that almost certainly would spell the end of Dom Mintoff's political career.

Financial Difficulties Manageable

The loss of foreign exchange earnings due to the base closure no doubt will cause Malta to incur a sizable current account deficit at least initially. The high import content of Maltese exports means that even substantial export growth will be insufficient to cover the loss of base-related income. By the end of 1979, Malta's current account could well be running deficits at an annual rate of $100 million. Nevertheless, by drawing down foreign exchange reserves, the government could cover this size gap for several years, providing the economy additional time to adjust.

Selected Countries: Average Hourly Earnings in Manufacturing [1]

US $

	1970	1971	1972	1973	1974	1975
France	1.07	1.20	1.48	1.93	2.16	2.80
Greece	0.60	0.66	0.71	0.85	1.06	1.22
Italy	0.97	1.13	1.35	1.66	1.85	3.32
Malta	0.56	0.60	0.68	0.80	0.93	1.11
Portugal	NA	0.37	0.45	0.58	0.89	1.05 [2]
Spain	0.56	0.65	0.81	1.07	1.37	1.82

[1] Maltese data are from the Maltese statistical office; others are from *International Labour Office Yearbook*.
[2] Estimated.

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Loss of the substantial base-related government revenues should not pose insurmountable budget difficulties. Nevertheless, the problem is compounded by expected reductions in revenue from other sources. Tariff rates on imports from the Economic Community, for example, are diminishing in line with the stipulations of the EC-Malta association agreement; customs revenues and excise taxes cover about 23 percent of government expenditures. Also, central bank profits, which finance about 17 percent of the budget, may fall. Most of these profits are derived from interest income on Malta's foreign exchange holdings. If reserves are drawn down to finance a balance-of-payments deficit—as seems inevitable—interest income will drop.

By continuing the vigorous economic expansion of the past few years, Malta should be able to compensate for most of the lost revenues. A growing economy would generate additional tax revenues. Lower tariff rates probably would be offset by an absolute increase in the volume of imports. While the government probably would have to resort to some form of deficit financing, the inflationary potential of such action is small; a large share of any borrowing and spending will be in foreign exchange and will not directly affect activity in the domestic economy.

Malta's Options

Despite little likelihood of major financial problems, Mintoff has asked West European and Arab countries—primarily West Germany, France, Italy, and Libya—to provide Valletta $28 million in 1979, $19 million in 1980, and $9 million 1981. These grants are to be split 50-50 between the Europeans and the Arabs. While the Europeans support this idea in principle, they have not made definite commitments. Maltese officials claim Libya is ready to come forward with its share; little evidence exists to support their assertion. Undoubtedly, Mintoff hopes to play one party against the other.

Malta's most pressing task will be expansion of export industries to employ the growing labor force and reduce the impending current account deficit. Promising industries include clothing, footwear, printed matter, and plastics. Expanded clothing sales alone accounted for almost 40 percent of the growth in exports last year.

Valletta claims that creating a second batch of 12,000 jobs by the end of 1979 would require almost $300 million in investment projects not yet planned. Mintoff hopes to obtain project grants through bilateral agreements with individual countries. To date, however, only the EC has made a concrete commitment, agreeing to provide $30 million in development aid by 1979. Requests to France and Italy have brought delegations to discuss investment possibilities. Given the weakness of the response from official sources, Mintoff may decide to offer new inducements to

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foreign private investors. In any case, the industries with the best potential seem better suited to private than to state development.

Malta probably could get by without finding so many jobs. Mintoff's estimate assumes the public works job corps will be reduced to lessen the burden on the budget. If the public works corps remains at its current strength, as few as 5,000 jobs (beyond those more or less in view) might have to be created to keep unemployment around 4.5 percent.

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National
Foreign
Assessment
Center

Economic Indicators Weekly Review

27 October 1977

ER EI 77-043

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Note: As a result of a reorganization, effective 11 October 1977, intelligence publications formerly issued by the Directorate of Intelligence are now being issued by the National Foreign Assessment Center. Publication titles have been adjusted to reflect this change. This publication was formerly titled Economic Indicators.

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FOREWORD

1. The **Economic Indicators Weekly Review** provides up-to-date information on changes in the domestic and external economic activities of the major non-Communist developed countries. To the extent possible, the **Economic Indicators Weekly Review** is updated from press ticker and Embassy reporting, so that the results are made available to the reader weeks—or sometimes months—before receipt of official statistical publications. US data are provided by US government agencies.

2. Source notes for the **Economic Indicators Weekly Review** are revised every few months. The most recent date of publication of source notes is 20 October 1977. Comments and queries regarding the **Economic Indicators Weekly Review** are welcomed.

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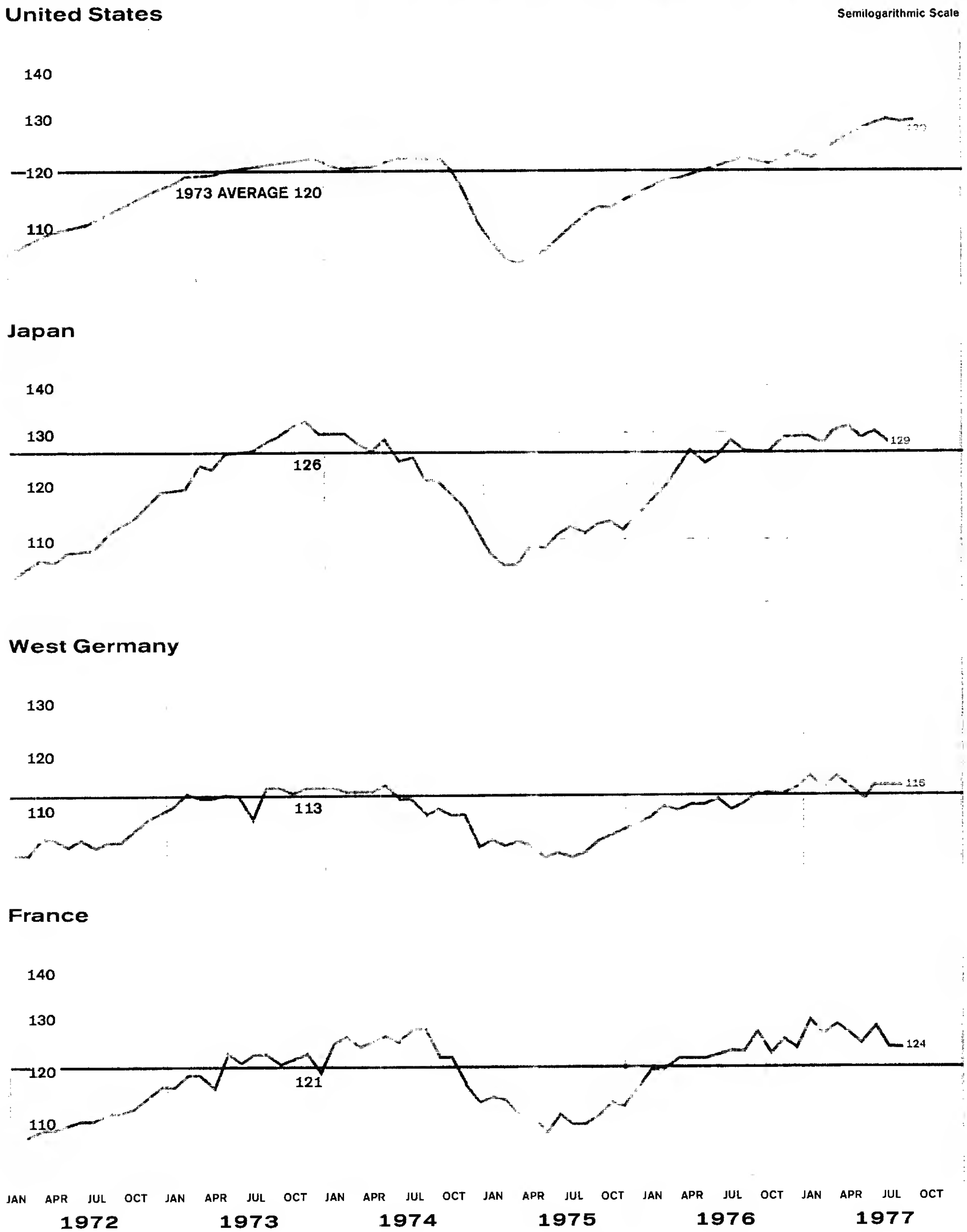
INDUSTRIAL PRODUCTION INDEX: 1970=100, seasonally adjusted



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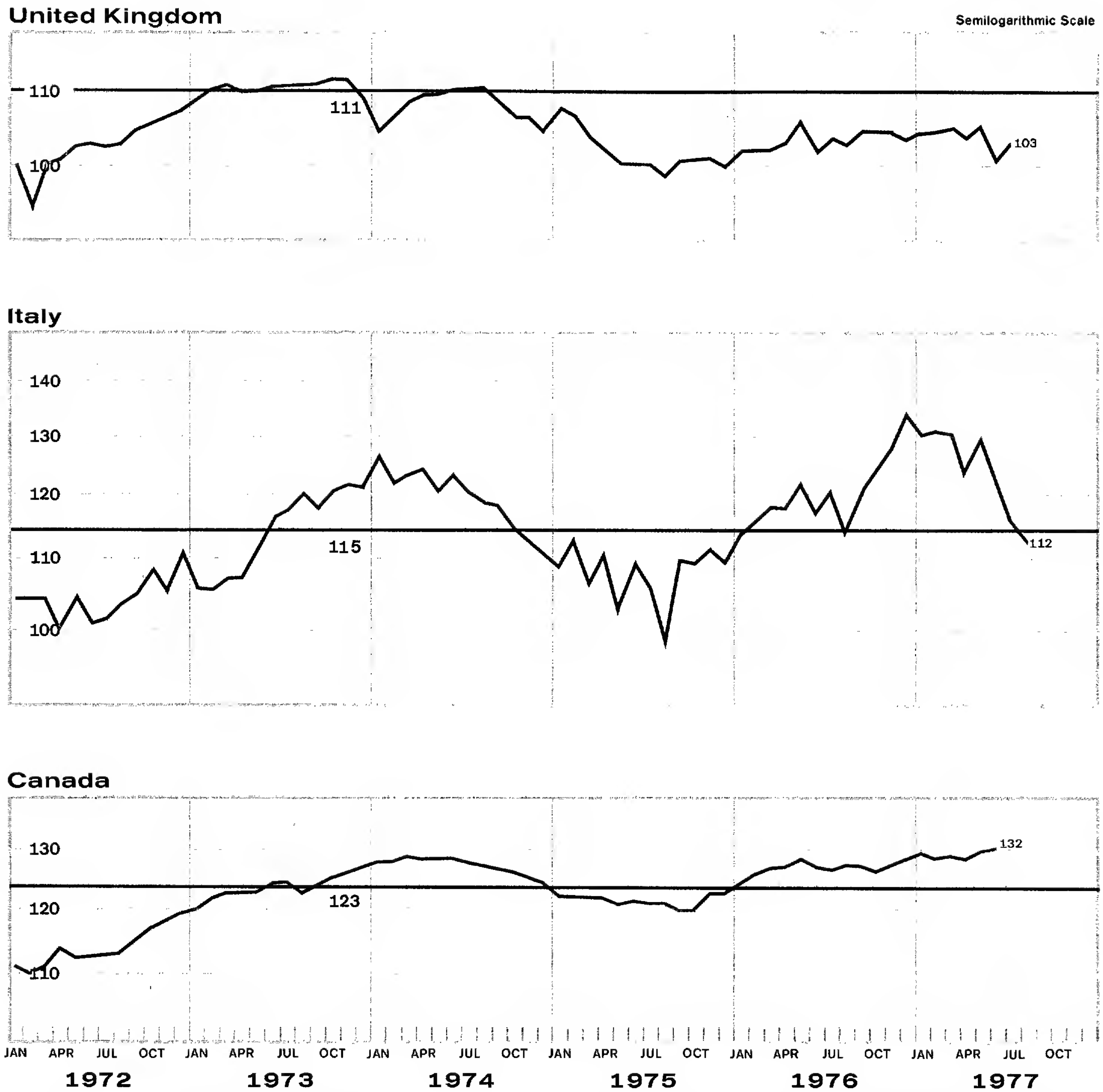

	LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE 1970	1 Year Earlier	3 Months Earlier[1]
United States	SEP 77	0.4	3.6	6.1	4.9
Japan	JUL 77	−2.0	3.7	0.1	−2.1
West Germany	AUG 77	0	2.1	2.7	0
France	AUG 77	0	3.1	0	−3.1

	LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE 1970	1 Year Earlier	3 Months Earlier[1]
United Kingdom	JUL 77	2.8	0.4	−1.0	−8.5
Italy	AUG 77	−2.6	1.6	−1.0	−32.7
Canada	JUN 77	0.3	4.1	4.5	1.4

[1]Average for latest 3 months compared with average for previous 3 months.

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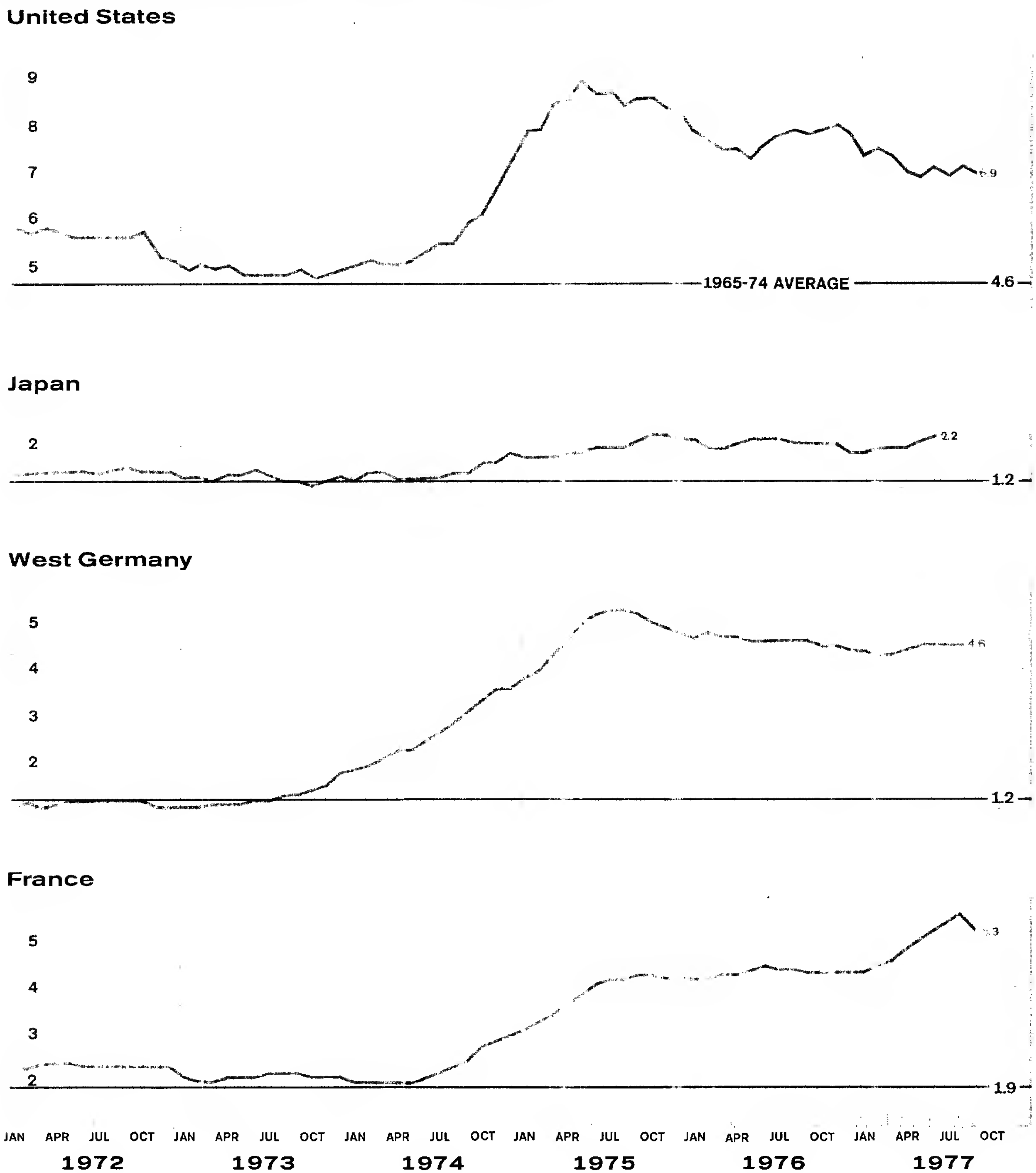
UNEMPLOYMENT PERCENT OF LABOR FORCE



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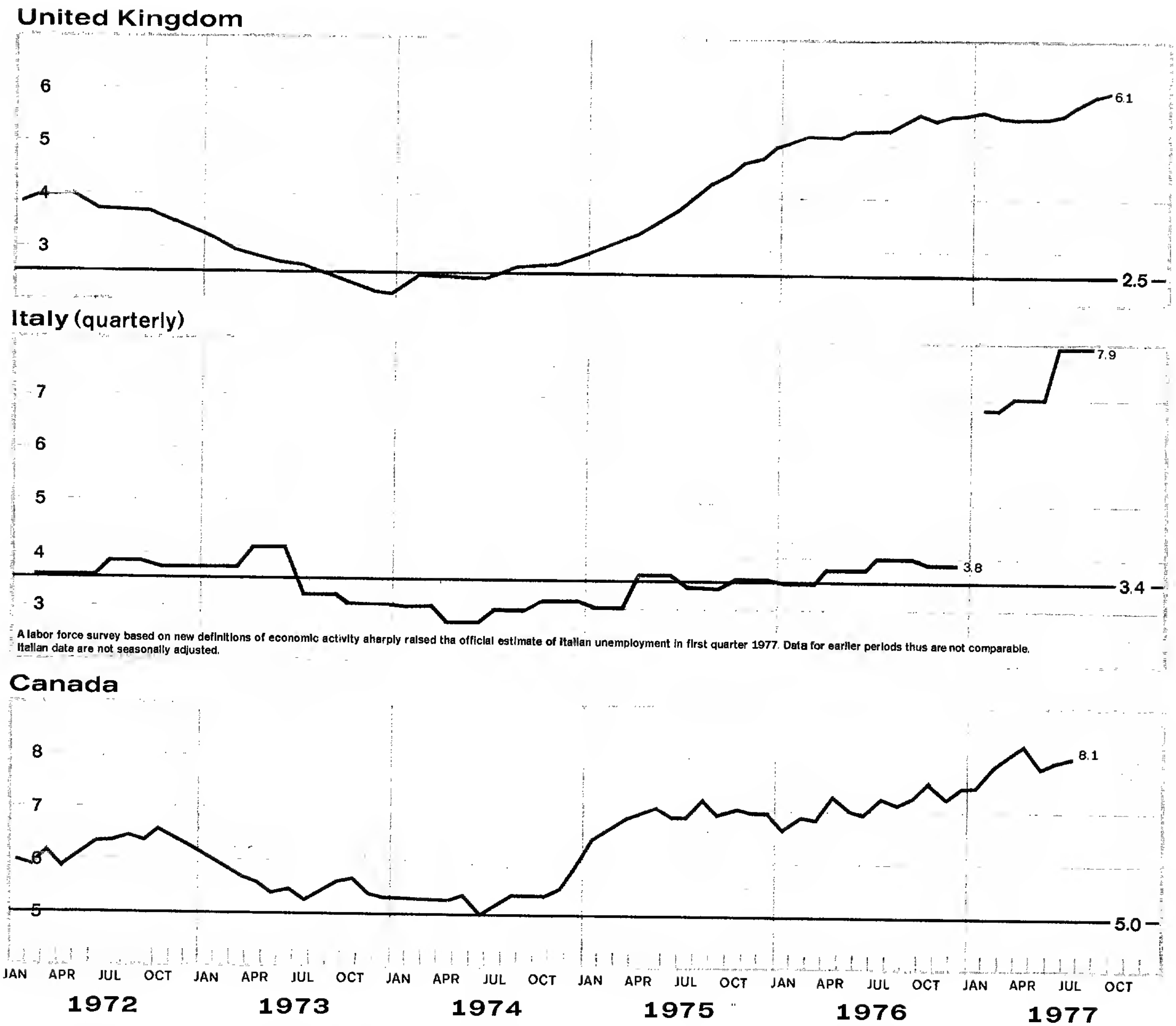

THOUSANDS OF PERSONS UNEMPLOYED

	LATEST MONTH		1 Year Earlier	3 Months Earlier
United States	SEP 77	6,773	7,448	6,962
Japan	JUN 77	1,190	1,120	1,050
West Germany	AUG 77	1,052	1,049	1,038
France	SEP 77	1,159	941	1,150

	LATEST MONTH		1 Year Earlier	3 Months Earlier
United Kingdom	SEP 77	1,446	1,319	1,353
Italy	77 III	1,692	776	1,432
Canada	JUL 77	859	751	870

NOTE: Data are seasonally adjusted. Unemployment rates for France are estimated. The rates shown for Japan, Italy and Canada are roughly comparable to US rates. For 1975-77, the rates for France and the United Kingdom should be increased by 5 percent and 15 percent respectively, and those for West Germany decreased by 20 percent to be roughly comparable with US rates.

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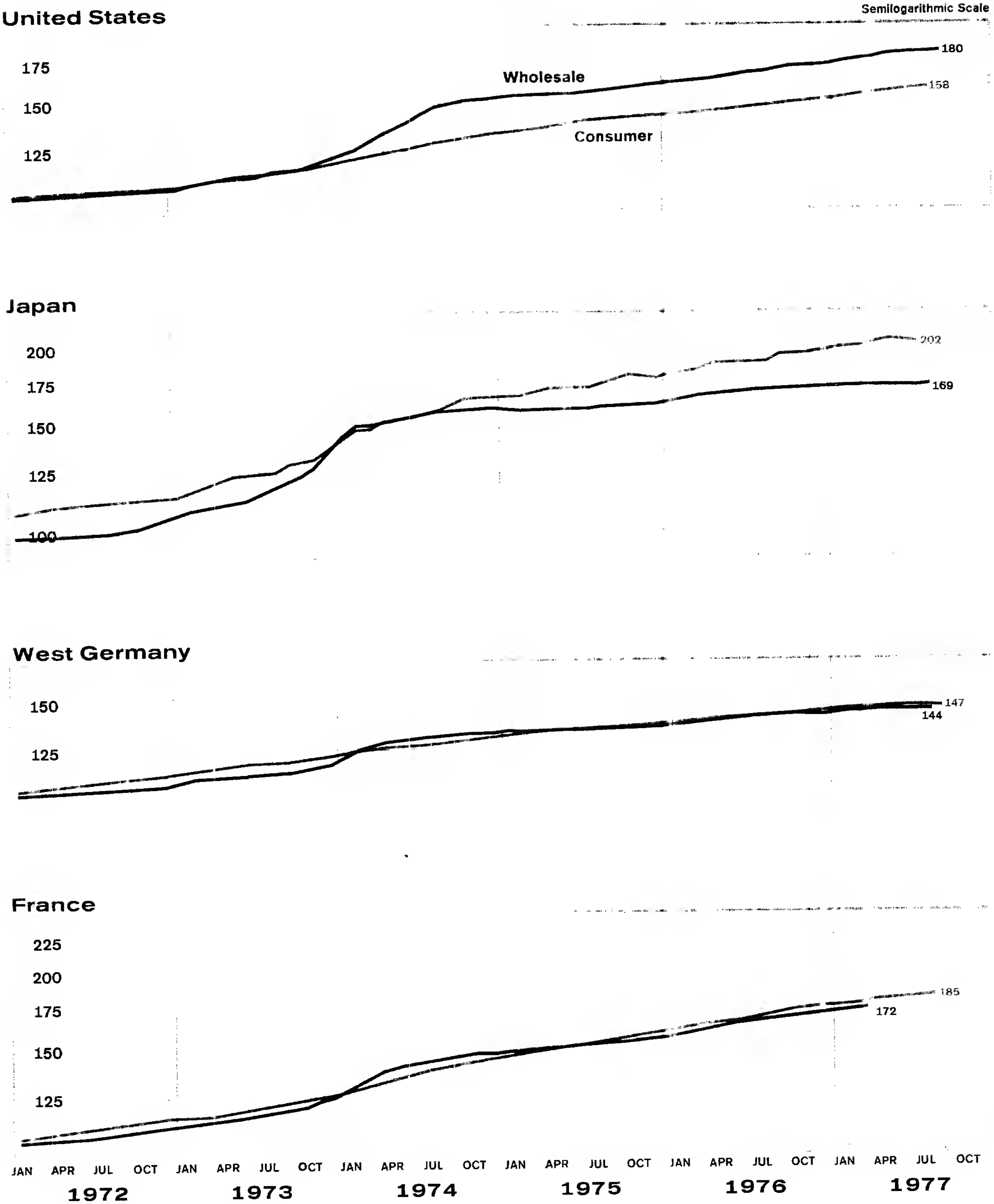
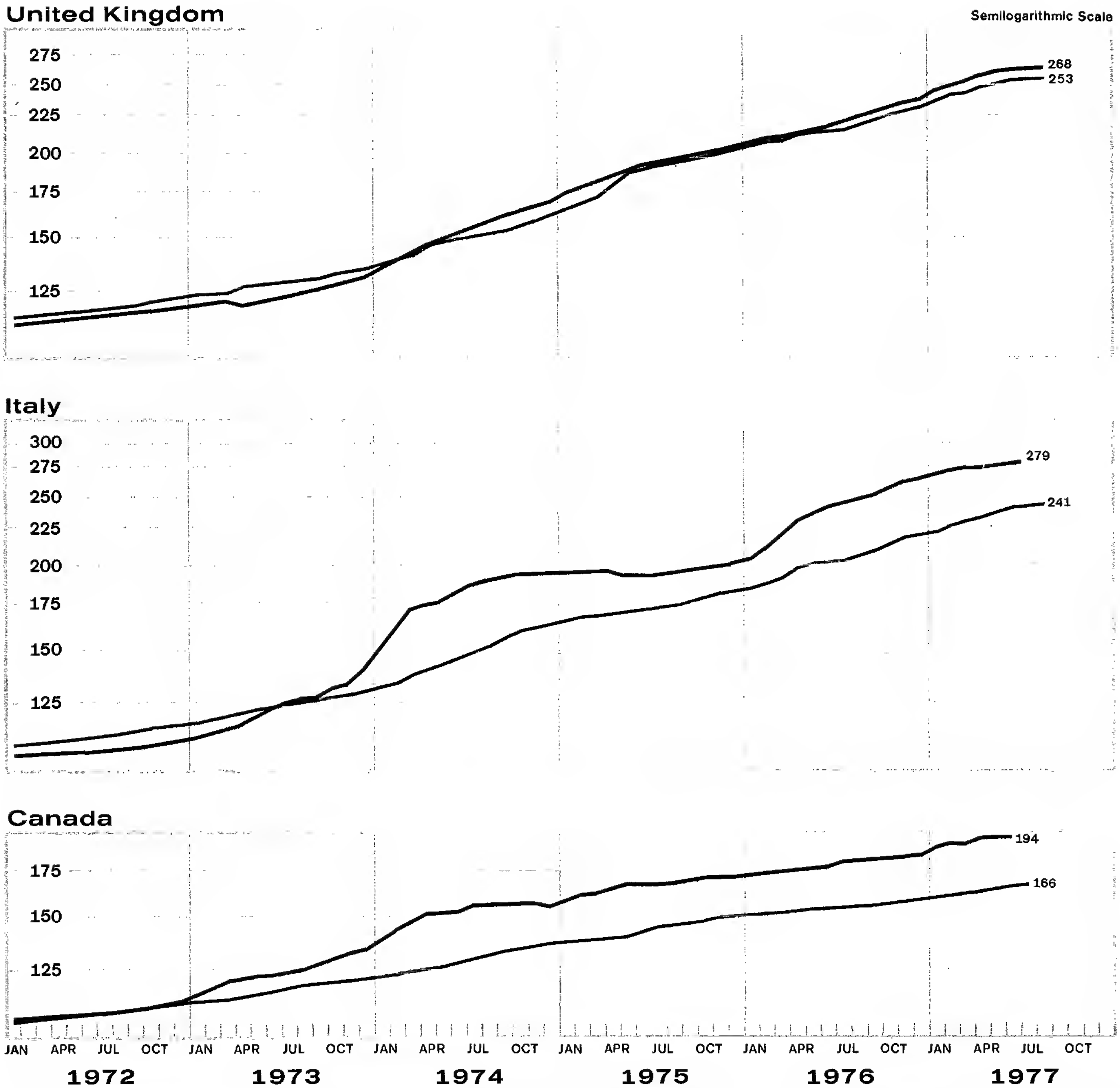
DOMESTIC PRICES[1] INDEX: 1970=100



[1]Wholesale price indexes cover industrial goods.



	LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE 1970	1 Year Earlier	3 Months Earlier
United States	SEP 77	0.5	8.5	7.1	6.7
	AUG 77	0.4	6.6	6.8	6.1
Japan	AUG 77	0.2	7.6	0.8	−2.3
	JUL 77	−0.3	10.5	7.7	0.7
West Germany	AUG 77	−0.1	5.2	1.9	−0.3
	SEP 77	−0.1	5.5	3.7	−1.4
France	MAR 77	0.9	8.4	8.2	7.6
	AUG 77	0.5	9.0	9.9	9.1

	LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE 1970	1 Year Earlier	3 Months Earlier
United Kingdom	AUG 77	0.9	14.8	20.0	13.4
	AUG 77	0.5	13.9	15.5	6.8
Italy	JUL 77	0.3	15.7	14.7	5.0
	AUG 77	0.7	13.2	20.1	9.9
Canada	JUN 77	−0.2	10.0	9.6	2.2
	JUL 77	0.9	7.5	8.4	10.3

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GNP [1]

Constant Market Prices

	Latest Quarter	Percent Change from Previous Quarter	Average Annual Growth Rate Since 1970	1 Year Earlier	Previous Quarter
United States	77 III	0.9	3.2	4.6	3.8
Japan	77 II	1.9	5.6	5.6	7.6
West Germany	77 II	−0.2	6.3	2.4	−1.0
France	76 IV	0	3.9	4.9	0
United Kingdom	77 I	−1.9	1.6	−1.3	−7.5
Italy	76 IV	1.1	3.0	5.5	4.6
Canada	76 IV	−0.6	4.8	3.4	−2.5

[1] Seasonally adjusted.

RETAIL SALES [1]

Constant Prices

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier [2]
United States	Aug 77	1.6	3.3	4.7	−3.7
Japan	Jun 77	−0.1	9.8	2.6	1.4
West Germany	Aug 77	3.4	2.9	7.9	14.5
France	Jun 77	7.7	−0.3	1.0	−8.1
United Kingdom	Aug 77	0.2	1.1	−1.6	9.5
Italy	Apr 77	−0.4	2.8	1.0	−3.1
Canada	Jun 77	−0.7	4.1	−3.7	−8.7

[1] Seasonally adjusted.
[2] Average for latest 3 months compared with average for previous 3 months.

FIXED INVESTMENT [1]

Non-residential; constant prices

	Latest Quarter	Percent Change from Previous Quarter	Average Annual Growth Rate Since 1970	1 Year Earlier	Previous Quarter
United States	77 III	1.0	2.1	7.8	4.2
Japan	77 II	0.5	1.1	4.5	2.0
West Germany	77 II	−1.6	0.4	3.4	−6.4
France	75 IV	8.8	4.2	2.9	40.1
United Kingdom	77 I	−0.6	0	3.4	−2.5
Italy	76 IV	5.2	3.0	15.4	22.4
Canada	76 IV	8.5	6.8	5.1	38.7

[1] Seasonally adjusted.

WAGES IN MANUFACTURING [1]

	Latest Period	Percent Change from Previous Period	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier [2]
United States	Jul 77	0.6	7.5	7.6	8.1
Japan	Jun 77	1.7	17.3	12.5	8.7
West Germany	77 II	1.7	9.5	7.5	7.2
France	77 I	2.3	14.1	13.9	9.5
United Kingdom	Jun 77	0.3	15.7	3.4	3.6
Italy	May 77	5.3	21.1	29.4	33.2
Canada	Jun 77	1.3	11.5	10.7	11.7

[1] Hourly earnings (seasonally adjusted) for the United States, Japan, and Canada; hourly wage rates for others. West German and French data refer to the beginning of the quarter.
[2] Average for latest 3 months compared with that for previous 3 months.

MONEY MARKET RATES

	Representative rates	Latest Date	Percent Rate of Interest	1 Year Earlier	3 Months Earlier	1 Month Earlier
United States	Cammerical paper	Oct 12	6.43	5.19	5.38	6.01
Japan	Call money	Oct 14	5.00	6.75	5.63	4.88
West Germany	Interbank loans (3 months)	Oct 12	4.06	4.80	4.19	4.07
France	Call money	Oct 14	8.38	9.75	8.63	8.50
United Kingdom	Sterling interbank loans (3 months)	Oct 12	5.18	14.24	7.89	6.09
Canada	Finance paper	Oct 12	7.09	9.44	7.25	7.50
Euradollars	Three-month deposits	Oct 12	7.19	5.46	5.75	6.49

EXPORT PRICES
US $

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Jul 77	−0.6	9.6	4.7	−1.7
Japan	Jun 77	2.0	10.8	14.9	10.1
West Germany	Aug 77	−1.1	11.4	9.1	7.9
France	Jul 77	1.5	11.3	8.2	10.2
United Kingdom	Aug 77	2.9	11.0	13.9	15.7
Italy	Apr 77	−0.3	11.1	17.4	12.6
Canada	May 77	0.3	9.7	−0.8	−0.8

EXPORT PRICES
National Currency

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Jul 77	−0.6	9.6	4.7	−1.7
Japan	Jun 77	0.4	6.5	4.7	−1.0
West Germany	Aug 77	−0.2	4.5	−0.1	0.6
France	Jul 77	−0.1	9.2	8.7	1.7
United Kingdom	Aug 77	1.9	16.1	16.7	10.1
Italy	Apr 77	1.9	16.9	18.5	16.6
Canada	May 77	0.1	9.7	6.1	7.4

IMPORT PRICES
National Currency

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Jul 77	0.6	13.4	7.9	7.6
Japan	Jun 77	−0.8	10.9	0.3	−14.8
West Germany	Aug 77	0.6	4.4	−0.7	3.3
France	Jul 77	0.1	10.3	14.3	−0.3
United Kingdom	Aug 77	−1.0	19.3	13.9	1.7
Italy	Apr 77	1.0	21.1	13.7	15.1
Canada	May 77	0.5	8.6	11.9	18.2

OFFICIAL RESERVES

	Latest Month: End of	Latest Month: Billion US $	Billion US $: Jun 1970	1 Year Earlier	3 Months Earlier
United States	Aug 77	19.1	14.5	18.6	19.2
Japan	Sep 77	17.9	4.1	16.5	17.4
West Germany	Aug 77	34.9	8.8	34.3	34.8
France	Jul 77	9.9	4.4	9.4	10.0
United Kingdom	Sep 77	17.2	2.8	5.2	11.6
Italy	Jul 77	10.5	4.7	6.2	6.8
Canada	Jun 77	5.1	4.3	6.0	5.1

CURRENT ACCOUNT BALANCE [1]

	Latest Period	Million US $	Cumulative (Million US $) 1977	1976	Change
United States [2]	77 II	−4,605	−8,763	1,070	−9,833
Japan	Aug 77	660	5,321	1,255	4,066
West Germany	Aug 77	−726	684	177	506
France	77 II	−438	−2,101	−2,052	−50
United Kingdom	77 I	−773	−773	−502	−271
Italy	77 I	−929	−929	−1,413	484
Canada	77 I	−1,530	−1,530	−1,911	381

[1] Converted to US dollars at the current market rates of exchange.
[2] Seasonally adjusted.

BASIC BALANCE [1]
Current and Long-Term-Capital Transactions

	Latest Period	Million US $	Cumulative (Million US $) 1977	1976	Change
United States		No longer published [2]			
Japan	Aug 77	260	3,781	1,472	2,309
West Germany	Aug 77	−1,048	−3,403	883	−4,287
France	77 I	−1,354	−1,354	−2,015	660
United Kingdom	76 IV	−277	N.A.	−4,171	N.A.
Italy	76 III	779	N.A.	1,096	N.A.
Canada	77 I	−550	−550	882	−1,432

[1] Converted to US dollars at the current market rates of exchange.
[2] As recommended by the Advisory Committee on the Presentation of Balance of Payments Statistics, the Department of Commerce no longer publishes a basic balance.

EXCHANGE RATES
Spot Rate
As of 14 Oct 77

	US $ Per Unit	Percent Change from 19 Mar 73	1 Year Earlier	3 Months Earlier	7 Oct 77
Japan (yen)	0.0040	3.94	14.08	4.85	2.17
West Germany (Deutsche mark)	0.4398	24.22	7.36	0.37	0.71
France (franc)	0.2061	−6.50	2.22	0.10	0.32
United Kingdom (pound sterling)	1.7675	−28.18	6.19	2.79	0.50
Italy (lira)	0.0011	−35.82	−4.54	0.26	0.09
Canada (dollar)	0.9113	−8.66	−11.29	−3.49	−0.86

TRADE-WEIGHTED EXCHANGE RATES [1]
As of 14 Oct 77

	Percent Change from 19 Mar 73	1 Year Earlier	3 Months Earlier	7 Oct 77
United States	5.39	1.18	0.12	−0.34
Japan	9.88	16.38	5.06	2.04
West Germany	27.44	5.66	0.08	0.18
France	−7.70	−0.57	−0.49	−0.28
United Kingdom	−28.81	5.97	3.28	0.06
Italy	−39.18	−7.56	−0.15	−0.44
Canada	−7.05	−12.18	−3.85	−1.06

[1] Weighting is based on each listed country's trade with 16 other industrialized countries to reflect the competitive impact of exchange rate variations among the major currencies.

Developed Countries: Direction of Trade [1]

Million US $

	Exports to (f.o.b.)						Imports from (c.i.f.)					
	World	Big Seven	Other OECD	OPEC [2]	Communist	Other	World	Big Seven	Other OECD	OPEC [2]	Communist	Other
UNITED STATES [3]												
1974	98,507	45,866	15,630	6,723	3,406	26,882	100,218	49,490	9,415	15,636	1,282	24,395
1975	107,592	46,926	16,191	10,765	3,699	30,011	96,140	46,715	8,170	17,083	1,156	23,016
1976	114,997	51,298	17,612	12,567	3,936	29,584	120,677	56,626	9,058	25,017	1,445	28,531
1st Qtr	27,360	12,184	4,088	2,751	1,144	7,193	27,319	12,884	2,226	5,570	327	6,312
2d Qtr	29,695	13,383	4,496	3,113	1,088	7,615	28,367	14,332	2,242	5,582	372	5,839
3d Qtr	27,437	11,944	4,073	3,106	850	7,464	32,452	14,285	2,228	6,952	389	8,598
4th Qtr	30,505	13,787	4,955	3,597	854	7,312	32,539	15,125	2,362	6,913	357	7,782
1977												
1st Qtr	29,454	13,752	4,716	3,136	951	6,899	34,990	15,124	2,566	8,324	366	8,610
2d Qtr	31,673	14,282	4,707	3,389	816	8,479	37,907	17,059	2,578	8,673	411	9,186
JAPAN												
1974	55,610	18,591	6,862	5,450	4,367	20,340	62,074	18,755	6,219	19,970	3,684	13,446
1975	55,812	16,468	6,091	8,423	5,283	19,547	57,853	16,917	6,083	19,404	3,382	12,067
1976	67,364	22,406	8,588	9,278	5,049	22,043	64,895	17,534	7,777	21,877	2,926	14,781
1st Qtr	14,429	4,848	1,827	1,872	1,289	4,593	14,832	4,083	1,696	5,213	671	3,169
2d Qtr	16,431	5,402	2,092	2,271	1,348	5,318	15,903	4,347	1,948	5,400	667	3,541
3d Qtr	17,542	5,897	2,272	2,476	1,135	5,762	16,818	4,497	2,137	5,406	747	4,031
4th Qtr	18,962	6,259	2,397	2,659	1,277	6,370	17,342	4,607	1,996	5,858	841	4,040
1977												
1st Qtr	17,911	5,848	2,449	2,459	1,409	5,746	17,452	4,717	1,845	6,246	801	3,843
Apr & May	13,017	4,404	1,611	1,823	875	4,304	11,988	3,195	1,380	3,925	575	2,913
WEST GERMANY												
1974	89,365	30,820	36,431	4,066	9,473	8,575	69,659	23,878	25,504	9,211	5,153	5,913
1975	90,181	28,331	36,406	6,776	10,629	8,039	74,986	27,085	27,761	8,239	5,526	6,375
1976	101,980	33,443	41,811	8,245	10,310	8,171	88,211	31,281	32,632	9,720	6,718	7,860
1st Qtr	23,467	7,918	9,519	1,710	2,430	1,890	20,147	7,130	7,577	2,189	1,502	1,749
2d Qtr	24,570	8,215	10,110	1,838	2,421	1,986	21,571	7,704	8,133	2,223	1,625	1,886
3d Qtr	25,147	8,003	10,272	2,235	2,510	2,127	21,791	7,565	7,894	2,575	1,699	2,058
4th Qtr	28,796	9,307	11,910	2,462	2,949	2,168	24,701	8,883	9,028	2,732	1,891	2,167
1977												
1st Qtr	27,804	9,281	11,609	2,307	2,156	2,451	24,084	8,465	8,828	2,578	1,270	2,943
Apr	9,230	3,058	3,849	799	694	830	7,991	2,892	2,949	756	428	966
FRANCE												
1974	45,914	19,361	14,854	3,017	2,265	6,417	52,874	22,062	13,620	10,117	1,714	5,361
1975	52,189	19,960	15,454	4,909	3,477	8,389	54,238	23,039	14,350	9,665	2,065	5,119
1976	55,680	22,438	16,081	5,067	3,558	8,536	64,256	27,750	16,894	11,336	2,384	5,892
1st Qtr	13,639	5,524	3,921	1,240	917	2,037	15,529	6,567	4,157	2,818	595	1,392
2d Qtr	14,769	5,911	4,395	1,221	1,059	2,183	16,187	7,149	4,324	2,610	593	1,511
3d Qtr	12,409	4,922	3,446	1,280	729	2,032	14,841	6,431	3,733	2,723	577	1,377
4th Qtr	14,863	6,081	4,319	1,326	853	2,284	17,699	7,603	4,680	3,185	619	1,612
1977												
1st Qtr	15,323	6,250	4,540	1,392	847	2,294	17,885	7,494	4,840	3,056	600	1,895
Apr	5,232	2,193	1,569	460	288	722	5,788	2,499	1,543	879	194	673
UNITED KINGDOM												
1974	38,615	11,704	15,544	2,554	1,458	7,355	54,107	18,158	17,968	8,695	1,870	7,416
1975	43,751	12,399	16,310	4,535	1,768	8,739	53,260	18,387	18,370	6,912	1,726	7,865
1976	46,312	14,016	17,492	5,133	1,619	8,052	56,029	19,653	18,732	7,292	2,143	8,209
1st Qtr	11,637	3,415	4,362	1,238	433	2,189	13,641	4,704	4,597	1,824	510	2,006
2d Qtr	11,553	3,532	4,307	1,259	420	2,035	14,052	5,041	4,547	1,738	579	2,147
3d Qtr	11,058	3,430	4,100	1,262	386	1,880	13,787	4,744	4,547	1,893	528	2,075
4th Qtr	12,064	3,639	4,723	1,374	380	1,948	14,549	5,164	5,041	1,837	526	1,981
1977												
1st Qtr	13,150	4,008	5,145	1,521	413	2,063	15,575	5,786	5,068	1,783	514	2,424
2d Qtr	14,375	4,195	5,700	1,687	530	2,263	16,623	6,009	5,718	1,702	602	2,592

Developed Countries: Direction of Trade[1]
(Continued)

Million US $

	Exports to (f.o.b.)						Imports from (c.i.f.)					
	World	Big Seven	Other OECD	OPEC[2]	Com-munist	Other	World	Big Seven	Other OECD	OPEC[2]	Com-munist	Other
ITALY												
1974	30,252	13,894	7,135	2,238	2,701	4,284	40,682	17,949	6,394	9,384	2,513	4,442
1975	34,825	15,626	7,519	3,718	3,228	4,734	37,928	17,284	6,189	7,854	2,431	4,170
1976	35,364	16,698	8,276	4,027	2,592	3,771	41,789	18,585	7,755	7,831	3,000	4,618
1st Qtr	7,398	3,513	1,713	756	597	819	9,092	4,063	1,708	1,689	608	1,024
2d Qtr	8,705	4,157	2,040	951	623	934	10,716	4,786	1,918	2,092	744	1,176
3d Qtr	9,398	4,505	2,191	1,057	657	988	10,335	4,497	1,860	2,035	792	1,151
4th Qtr	9,863	4,523	2,332	1,263	715	1,030	11,646	5,239	2,269	2,015	856	1,267
1977												
1st Qtr	9,668	4,520	2,264	1,236	655	993	11,299	4,964	2,130	2,166	720	1,319
Apr & May	7,480	3,435	1,719	981	540	805	8,523	3,829	1,561	1,605	523	1,005
CANADA[4]												
1974	32,390	26,827	1,970	626	851	2,116	32,408	25,965	1,508	2,613	343	1,979
1975	31,778	25,885	1,753	827	1,255	2,058	34,050	27,181	1,579	3,126	311	1,853
1976	37,746	31,415	2,048	930	1,270	2,083	37,922	30,383	1,661	3,171	363	2,344
1st Qtr	8,539	7,197	424	167	334	417	9,159	7,331	367	843	85	533
2d Qtr	10,015	8,441	496	183	345	550	10,290	8,175	421	954	95	645
3d Qtr	9,216	7,486	568	271	354	537	8,834	6,965	433	716	91	629
4th Qtr	9,976	8,291	560	309	237	579	9,639	7,912	440	658	92	537
1977												
1st Qtr	9,672	8,201	524	248	231	468	9,640	7,850	391	742	87	570
2d Qtr	10,740	9,055	540	278	292	575	10,841	9,007	430	677	96	631

[1] Dato ore unodjusted. Becouse of rounding, components moy not odd to the totols shown.
[2] Including Gobon.
[3] Import dota ore f.o.s.
[4] Import data are f.o.b.

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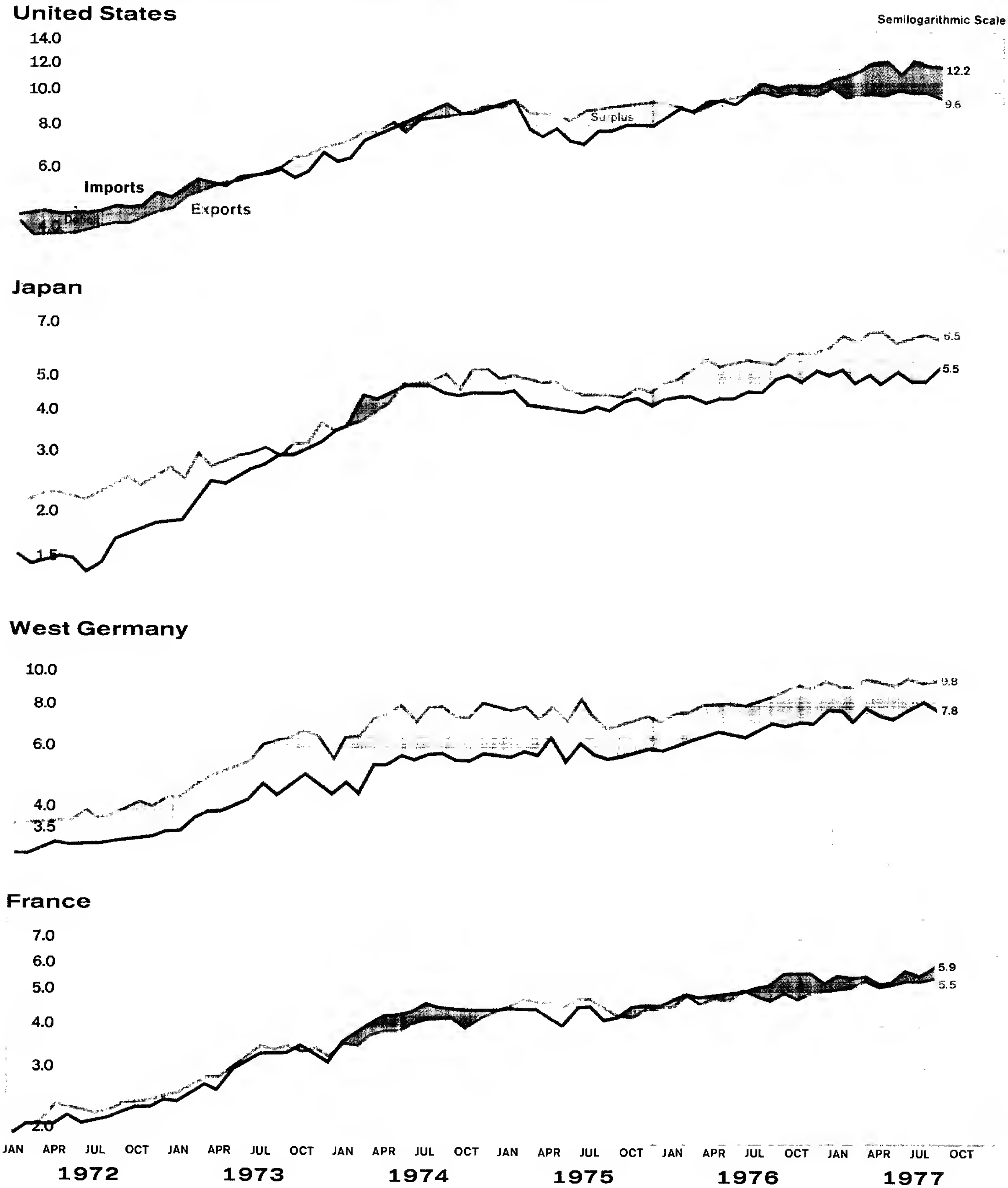
FOREIGN TRADE BILLION US $, f.o.b., seasonally adjusted



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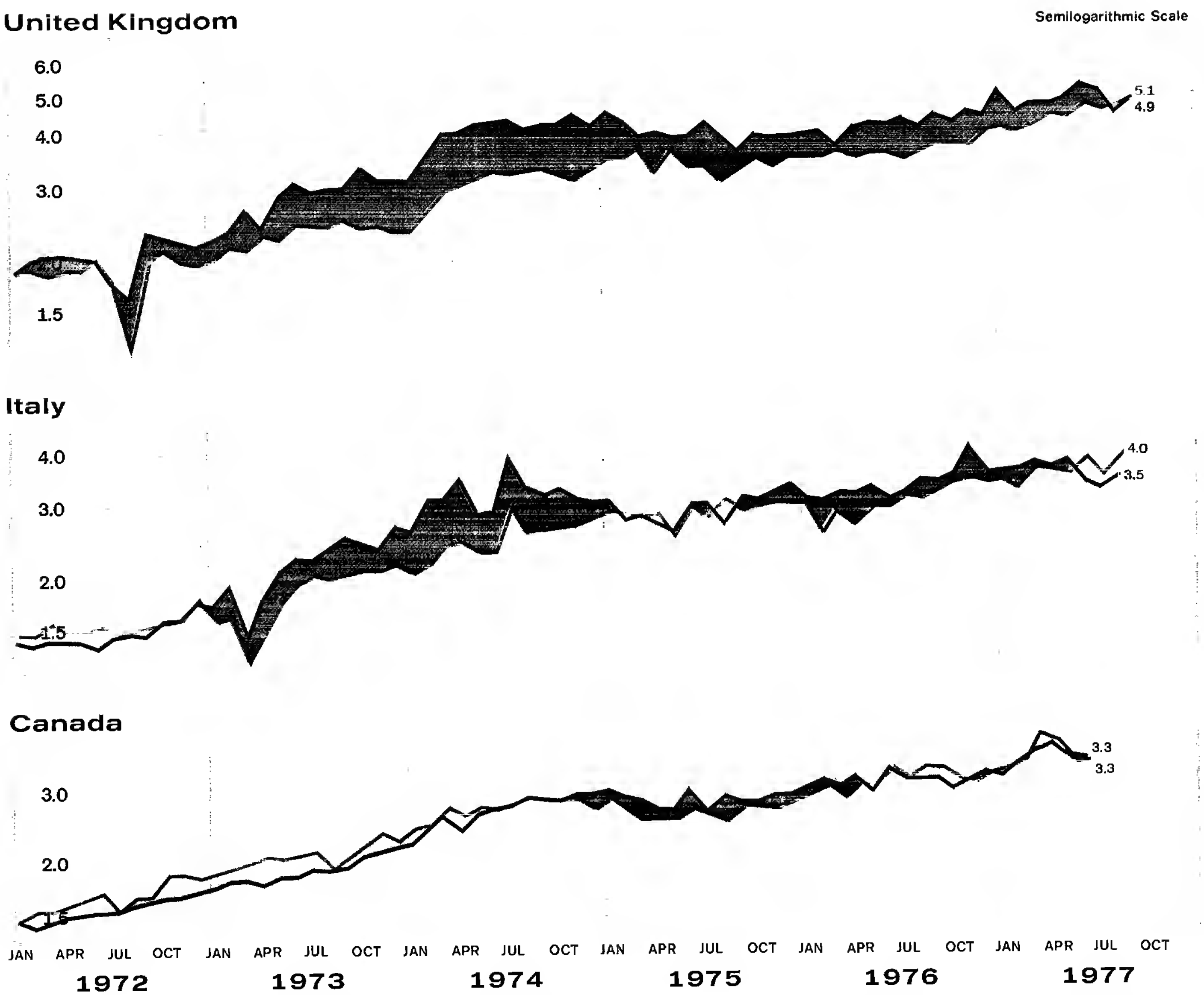

	LATEST MONTH	MILLION US $	CUMULATIVE (MILLION US $)		
			1977	1976	CHANGE
United States	AUG 77	9,563	79,668	75,383	5.7%
		12,232	97,251	77,846	25.2%
	Balance	−2,670	−17,583	−2,263	−15,320
Japan	AUG 77	6,521	51,989	42,541	22.2%
		5,466	40,645	35,772	13.6%
	Balance	1,055	11,344	6,769	4,575
West Germany	AUG 77	9,849	76,165	64,855	17.4%
		7,808	62,796	53,654	17.0%
	Balance	2,041	13,369	11,201	2,169
France	AUG 77	5,510	41,964	37,453	12.0%
		5,888	44,174	39,000	13.3%
	Balance	−378	−2,210	−1,548	−662

	LATEST MONTH	MILLION US $	CUMULATIVE (MILLION US $)		
			1977	1976	CHANGE
United Kingdom	SEP 77	5,095	41,159	32,650	26.1%
		4,936	44,196	37,511	17.8%
	Balance	159	−3,037	−4,861	1,824
Italy	AUG 77	4,022	29,216	23,305	25.4%
		3,489	29,071	25,696	13.1%
	Balance	533	146	−2,391	2,537
Canada	JUN 77	3,325	20,711	18,774	10.3%
		3,311	20,020	18,940	5.7%
	Balance	14	691	−166	857

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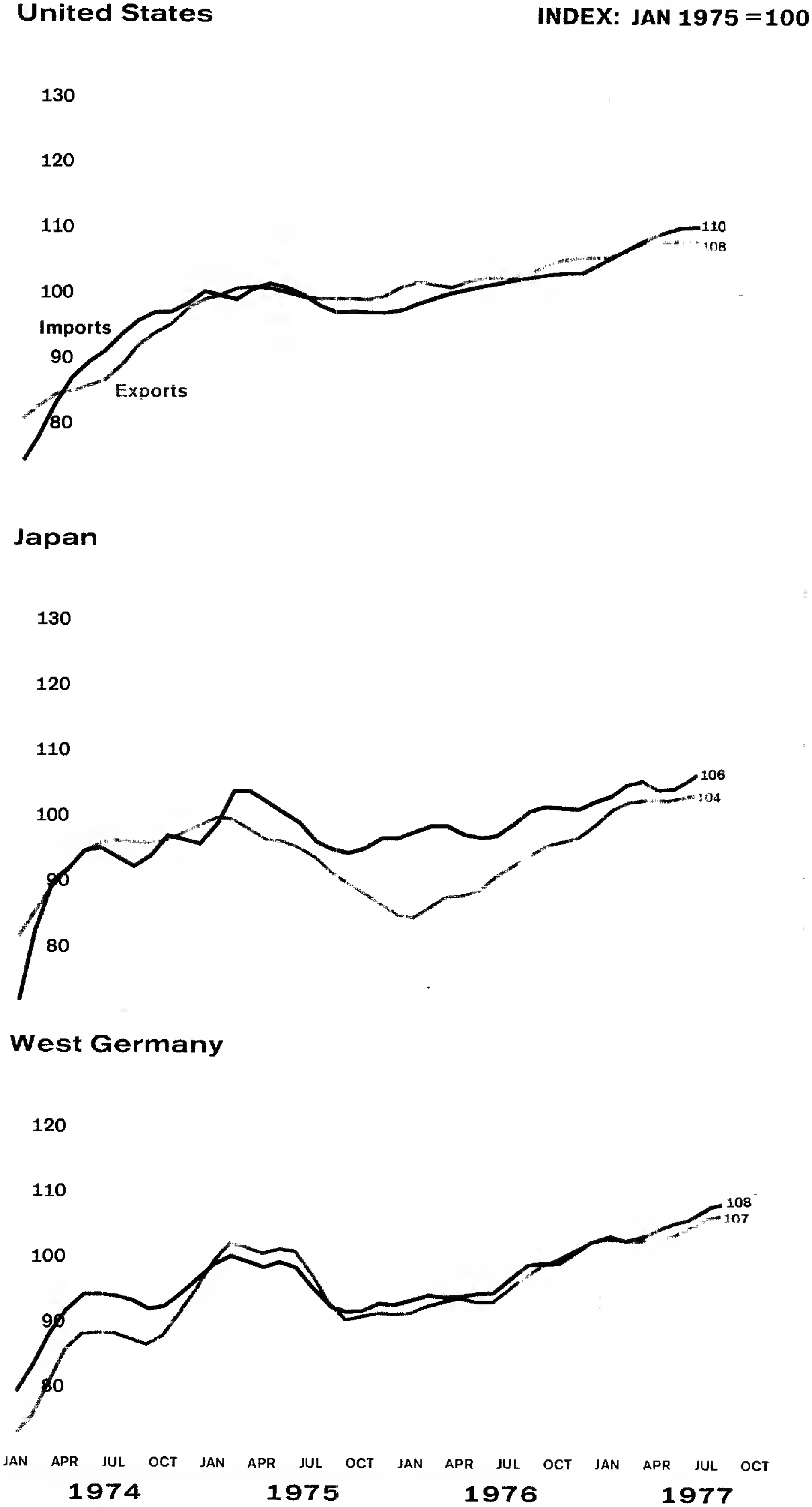
FOREIGN TRADE PRICES IN US $[1]



[1]Export and import plots are based on five month weighted moving averages.

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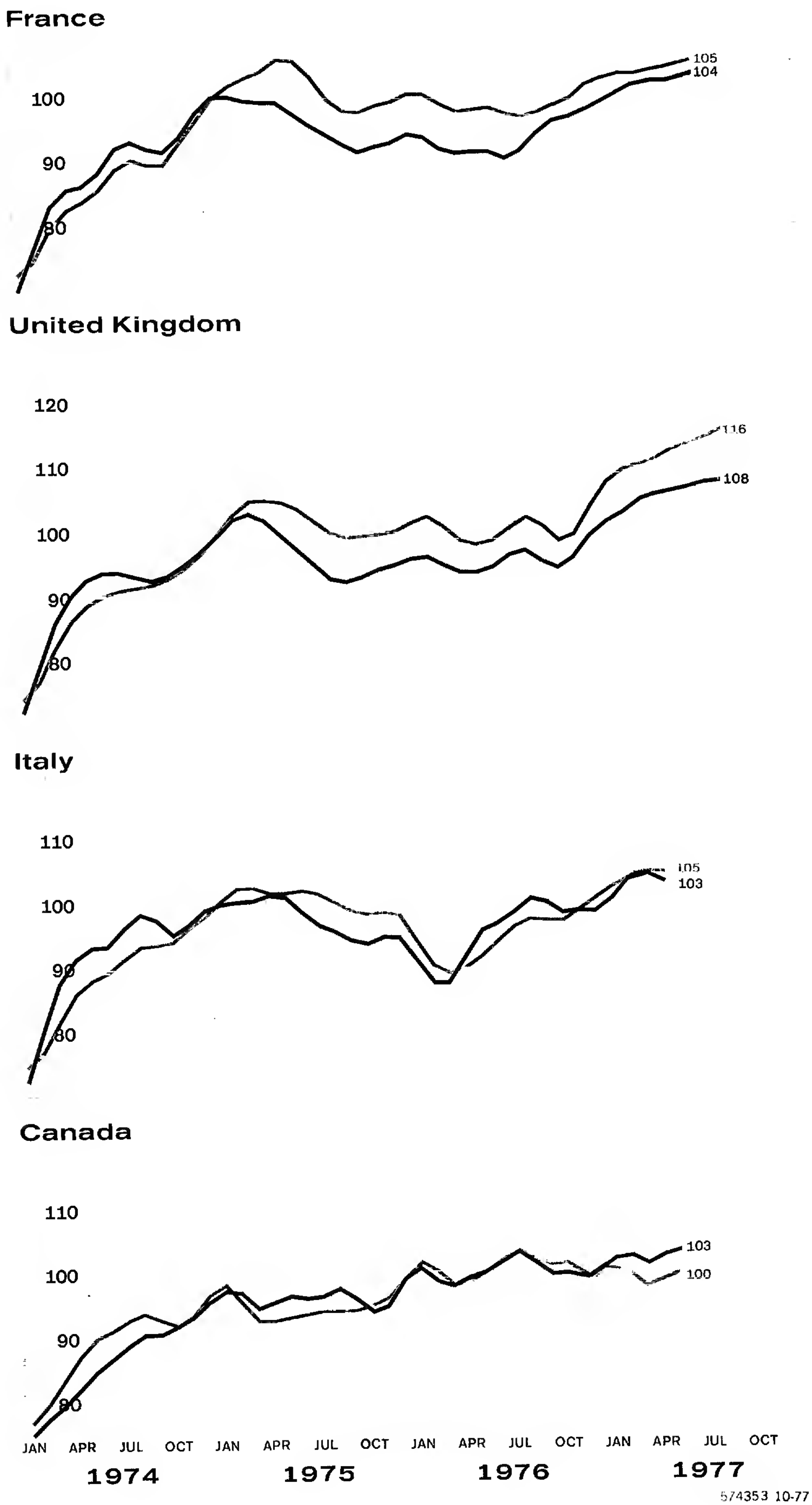

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SELECTED DEVELOPING COUNTRIES

INDUSTRIAL PRODUCTION [1]

	Latest Period	Percent Change from Previous Period	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier [2]
Brazil	76 II	0.1	11.0	10.7	0.4
India	Feb 77	3.5	5.5	6.8	18.8
South Korea	Jun 77	8.3	22.8	14.7	22.8
Mexico	May 77	1.9	5.9	2.4	27.1
Nigeria	76 IV	0.2	11.3	9.0	0.7
Taiwan	Jul 77	−2.0	14.2	8.9	12.7

[1] Seasonally adjusted.
[2] Average for latest 3 months compared with average for previous 3 months.

MONEY SUPPLY [1]

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier
Brazil	May 77	1.5	36.3	41.7
Egypt	Apr 77	1.2	18.6	23.0
India	Apr 77	0.9	12.2	19.7
Iran	Jun 77	−4.5	28.8	26.5
South Korea	Jul 77	1.9	31.6	39.6
Mexico	Jun 76	−0.3	17.0	16.6
Nigeria	Feb 77	5.9	35.9	54.8
Taiwan	May 77	0.6	24.1	21.0
Thailand	May 77	1.5	13.5	13.0

[1] Seasonally adjusted.
[2] Average for latest 3 months compared with average for previous 3 months.

CONSUMER PRICES

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier
Brazil	May 77	3.5	26.9	44.4
India	Apr 77	0.3	8.1	8.3
Iran	Jun 77	1.6	12.5	29.9
South Korea	Aug 77	1.3	14.6	9.7
Mexico	Jul 77	1.1	14.7	32.9
Nigera	Mar 77	3.4	14.9	13.6
Taiwan	Jul 77	0.4	10.6	7.2
Thailand	Jul 77	0.4	8.6	9.4

WHOLESALE PRICES

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier
Brazil	Aug 77	0.9	27.2	37.0
India	May 77	2.0	9.5	10.2
Iran	Jun 77	0.1	10.9	21.6
South Korea	Aug 77	0.7	16.3	9.2
Mexico	Jul 77	0.7	16.4	48.2
Taiwan	Jul 77	0	9.1	4.1
Thailand	Jul 77	1.0	10.1	7.1

EXPORT PRICES

US $

	Latest Period	Percent Change from Previous Period	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
Brazil	Mar 77	4.5	16.5	35.4	−34.4
India	Nov 76	−2.1	9.4	10.5	−4.0
Iran	Jun 77	0	36.0	18.9	0
South Korea	77 I	1.7	8.8	11.9	6.9
Nigeria	May 76	−0.1	33.2	8.2	6.6
Taiwan	May 77	0.4	12.3	9.4	14.7
Thailand	Dec 76	2.0	13.3	13.1	77.7

OFFICIAL RESERVES

	Latest Month: End of	Latest Month: Million US $	Million US $: Jun 1970	1 Year Earlier	3 Months Earlier
Brazil	Feb 77	5,873	1,013	3,667	5,139
Egypt	Apr 77	405	155	375	389
India	Jun 77	4,559	1,006	2,449	3,747
Iran	Jul 77	11,592	208	8,426	10,548
South Korea	Jul 77	3,656	602	2,128	3,247
Mexico	Mar 76	1,501	695	1,479	1,533
Nigeria	Jun 77	4,663	148	5,885	4,931
Taiwan	Jun 77	1,411	531	1,394	1,349
Thailand	Jul 77	2,017	978	1,929	2,006

FOREIGN TRADE, f.o.b.

	Latest Period		Latest 3 Months Percent Change from: 3 Months Earlier[1]	1 Year Earlier	Cumulative (Million US $): 1977	1976	Change
Brazil	Jun 77	Exports	190.5	37.3	6,199	4,410	40.6%
	Jun 77	Imports	47.0	−0.4	5,963	5,938	0.4%
	Jun 77	Balance			236	−1,528	1,764
Egypt	76 IV	Exports	−9.0	−33.3	NA	NA	NA
	76 IV	Imports	177.6	15.7	NA	NA	NA
	76 IV	Balance			NA	NA	NA
India	Apr 77	Exports	109.3	13.0	1,890	1,670	13.2%
	Apr 77	Imports	−56.3	5.6	1,456	1,434	1.5%
	Apr 77	Balance			434	236	198
Iran	Jun 77	Exports	−4.4	4.2	11,984	10,968	9.3%
	May 77	Imports	143.6	6.8	5,268	5,050	4.3%
	May 77	Balance			4,845	3,926	919
South Korea	Jun 77	Exports	107.4	23.8	4,518	3,414	32.3%
	Jun 77	Imports	158.0	31.7	4,692	3,625	29.4%
	Jun 77	Balance			−174	−211	37
Mexico	Jun 77	Exports	17.1	25.3	2,162	1,661	30.2%
	Jun 77	Imports	73.5	−21.5	2,340	2,971	−21.2%
	Jun 77	Balance			−178	−1,310	1,132
Nigeria	May 77	Exports	17.1	24.5	1,965	1,570	25.2%
	Dec 76	Imports	73.5	8.4	NA	NA	NA
	Dec 76	Balance			NA	NA	NA
Taiwan	Jul 77	Exports	207.0	22.1	5,078	4,458	13.9%
	Jul 77	Imports	92.6	16.8	4,441	3,924	13.2%
	Jul 77	Balance			637	534	103
Thailand	Apr 77	Exports	34.3	22.9	1,221	963	26.8%
	Mar 77	Imports	30.1	22.7	940	766	22.7%
	Mar 77	Balance			−22	−39	17

[1] At annual rates.

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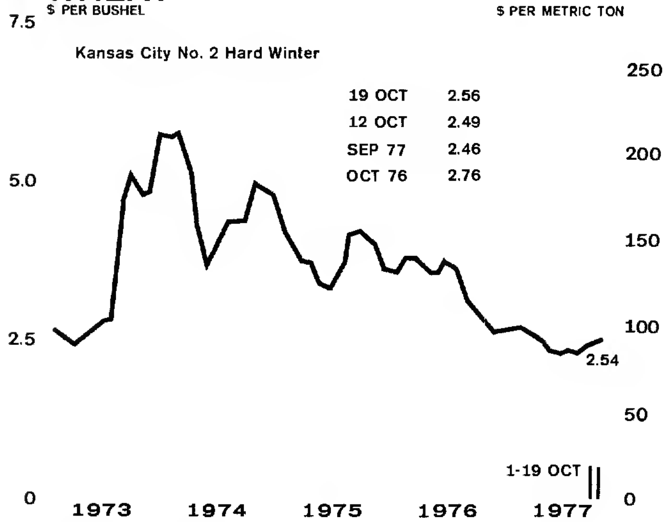
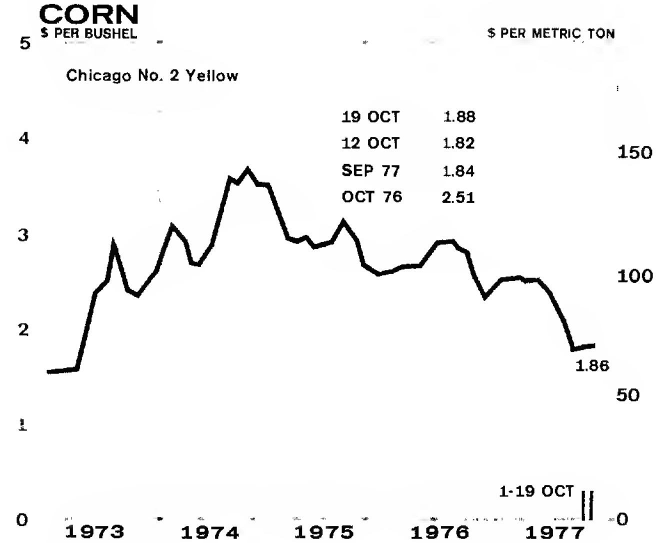
AGRICULTURAL PRICES MONTHLY AVERAGE CASH PRICE

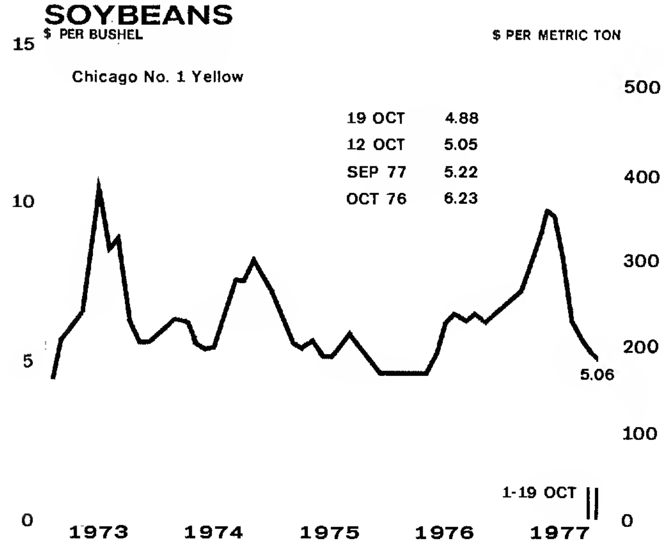
WHEAT



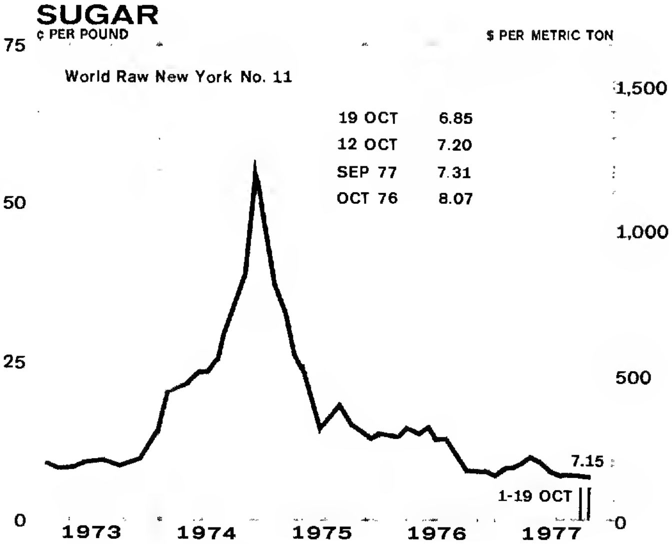
CORN



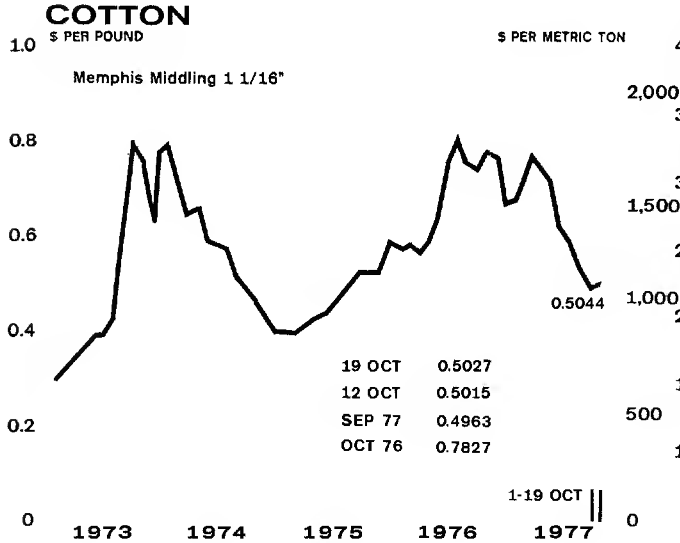
SOYBEANS



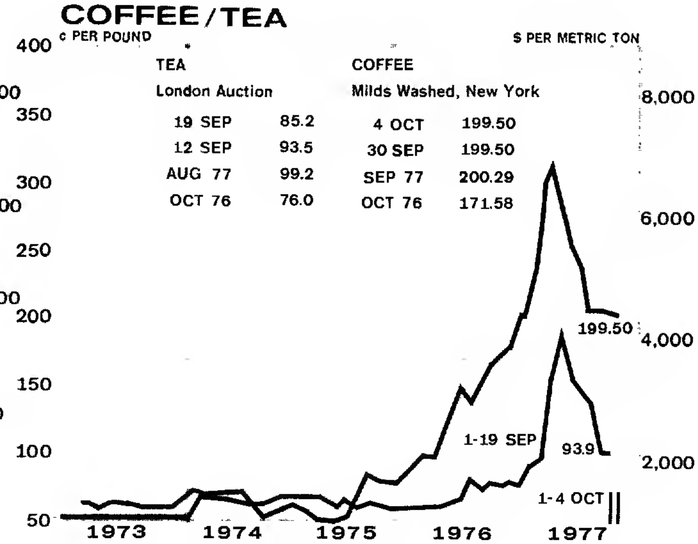
SUGAR



COTTON



COFFEE/TEA



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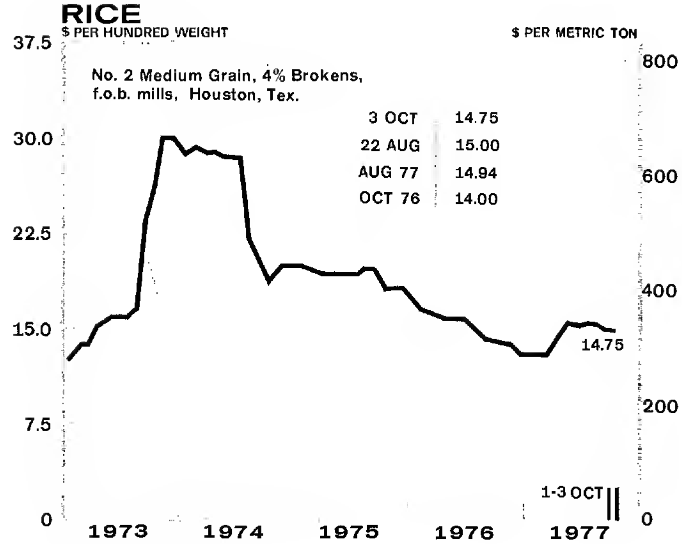
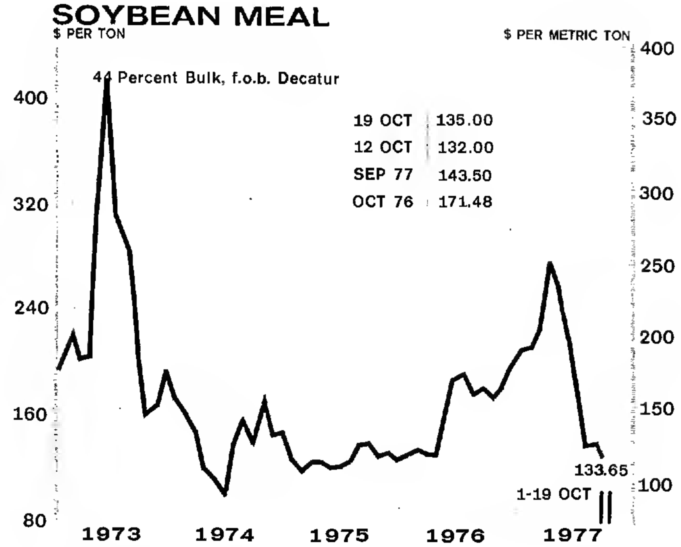
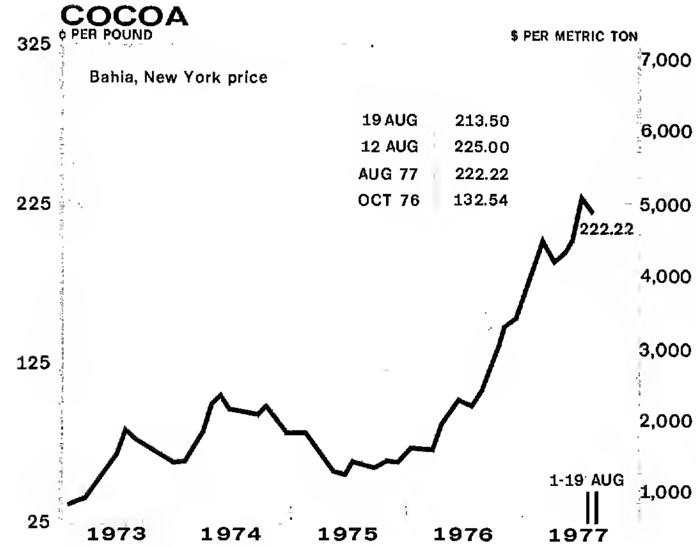
RICE



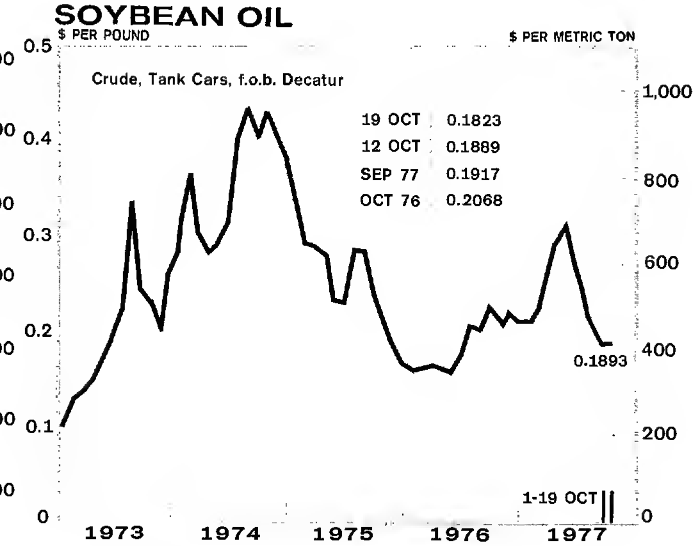
SOYBEAN MEAL



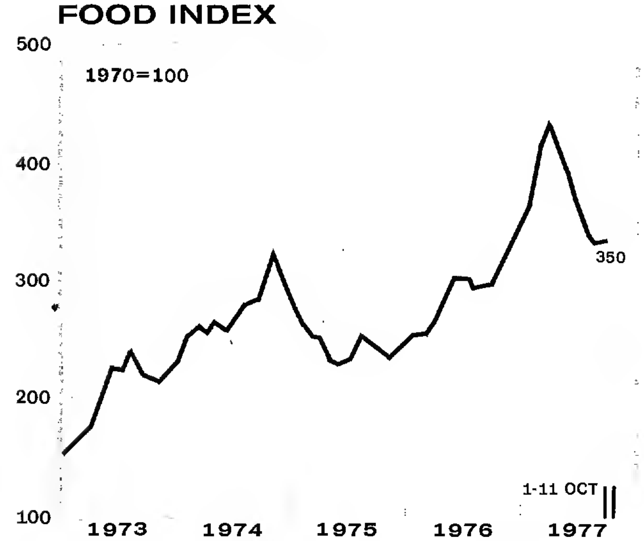
COCOA



SOYBEAN OIL



FOOD INDEX



NOTE: The food index is compilad by the Economist for 16 food commodities which enter international trade. Commodities are weighted by 3-year moving averagas of imports into industrialized countries.

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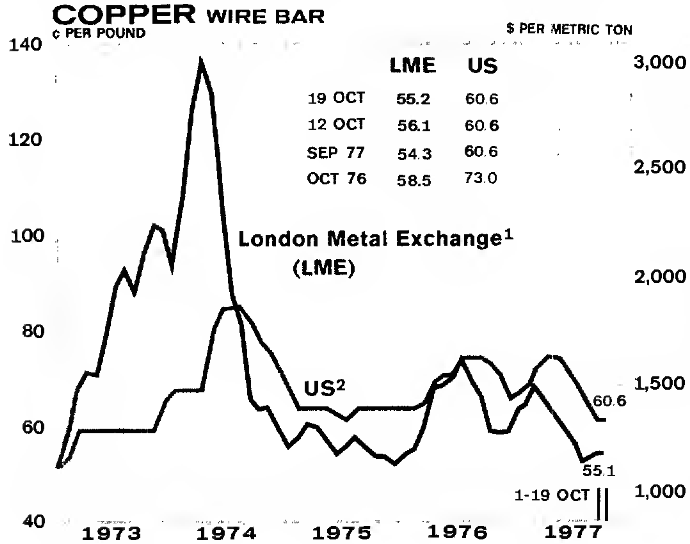
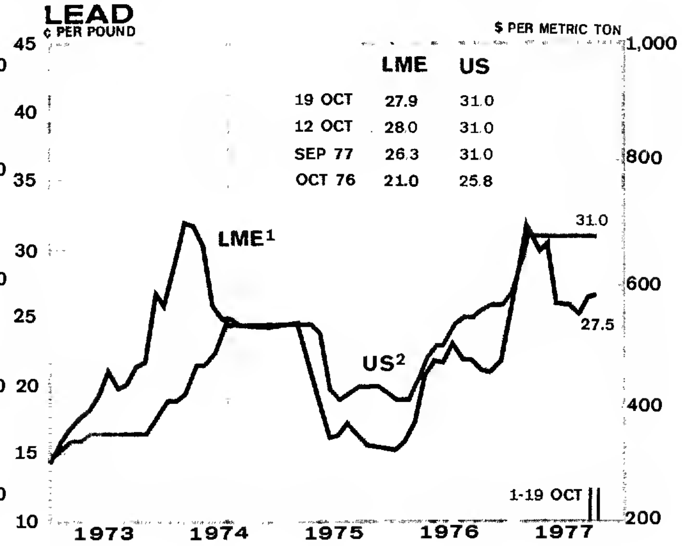
INDUSTRIAL MATERIALS PRICES MONTHLY AVERAGE CASH PRICE

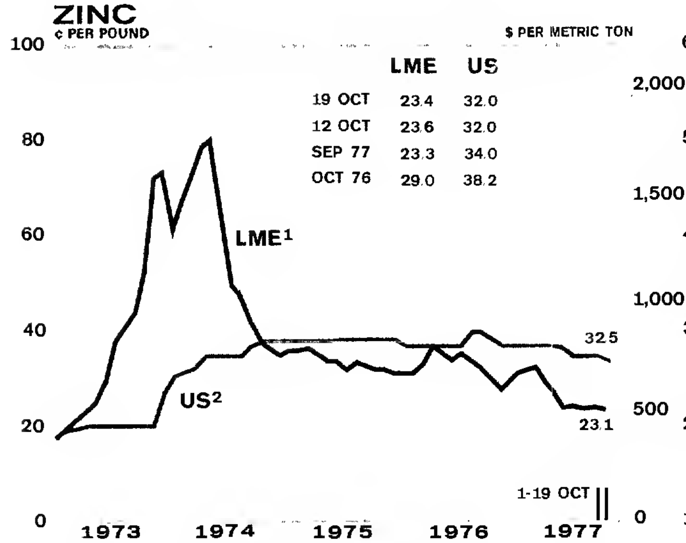
COPPER WIRE BAR



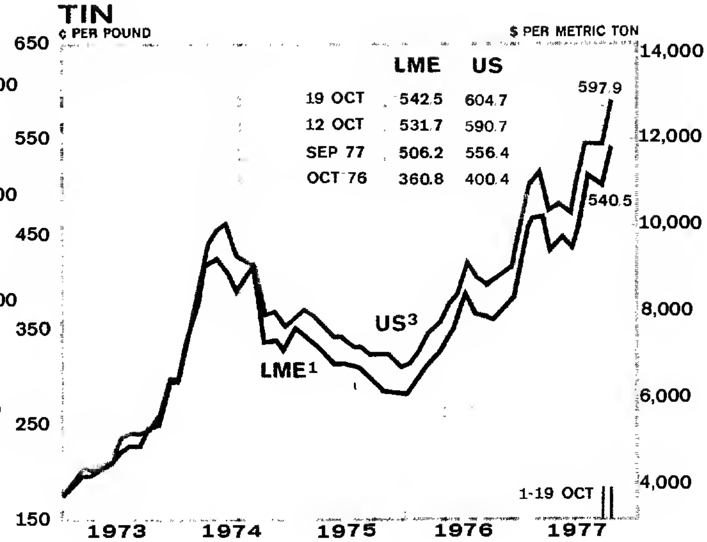
LEAD



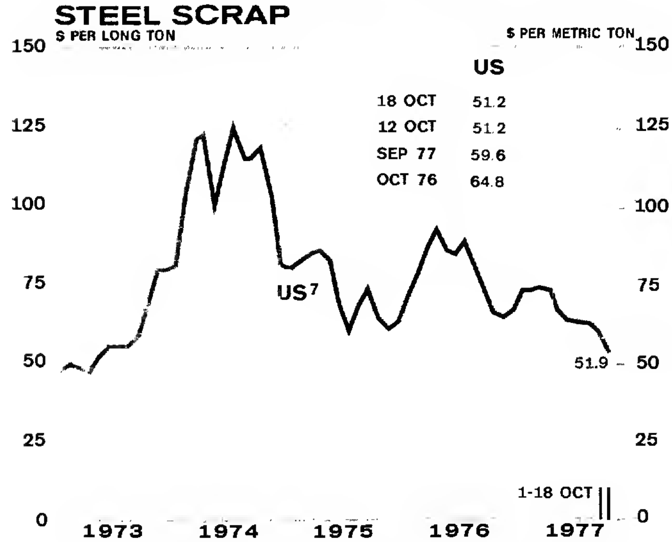
ZINC



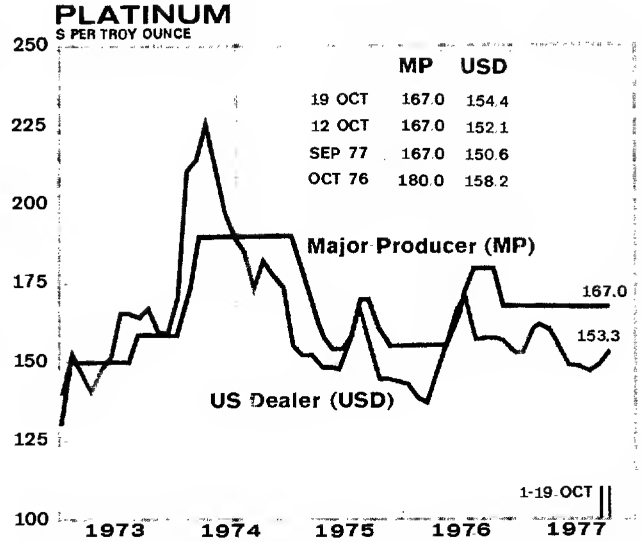
TIN



STEEL SCRAP



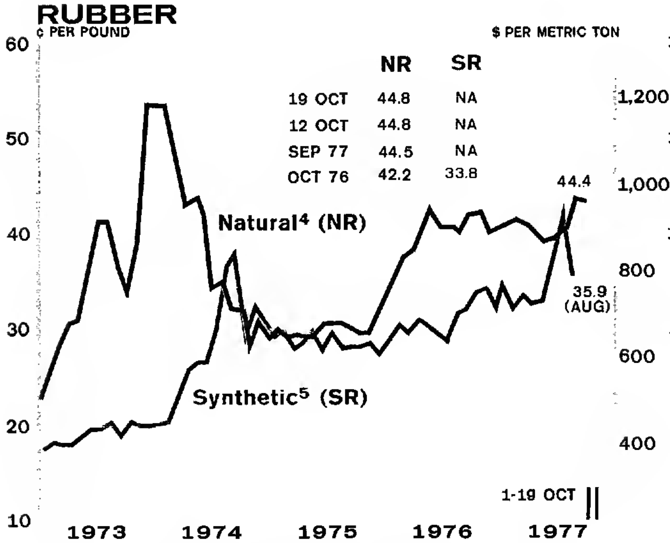
PLATINUM



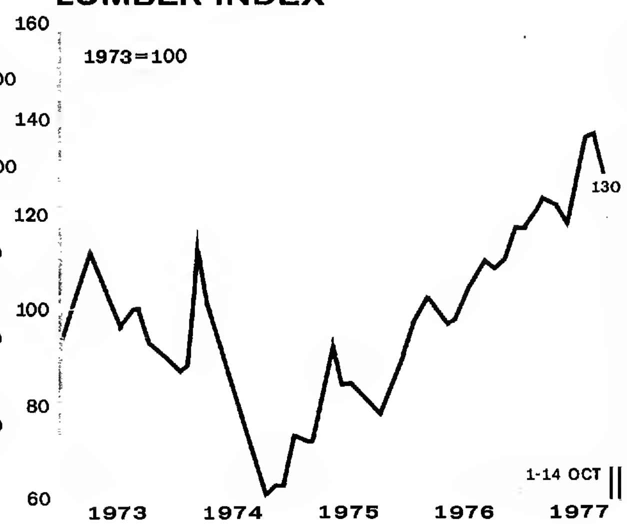
SELECTED MATERIALS

			CURRENT	APR 77	OCT 76	OCT 75
ALUMINUM	Major US Producer	¢ per pound	53.00	51.00	48.00	41.00
US STEEL	Composite	$ per long ton	359.36	339.27	327.00	303.85
IRON ORE	Non-Bessemer Old Range	$ per long ton	21.43	21.43	20.51	18.75
CHROME ORE	Russian, Metallurgical Grade	$ per metric ton	150.00	150.00	150.00	150.00
CHROME ORE	S. Africa, Chemical Grade	$ per long ton	58.50	58.50	42.00	44.50
FERROCHROME	US Producer, 66-70 Percent	¢ per pound	41.00	43.00	44.00	53.50
NICKEL	Composite US Producer	$ per pound	2.16	2.35	2.41	2.20
MANGANESE ORE	48 Percent Mn	$ per long ton	72.24	72.00	72.00	67.20
TUNGSTEN ORE	65 Percent WO_3	$ per short ton	9,641.22	10,628.47	7,640.84	5,101.29
MERCURY	NY	$ per 76 pound flask	143.00	166.15	132.45	132.00
SILVER	LME Cash	¢ per troy ounce	473.68	479.23	421.55	433.80
GOLD	London Afternoon Fixing Price	$ per troy ounce	157.50	149.17	116.12	142.78

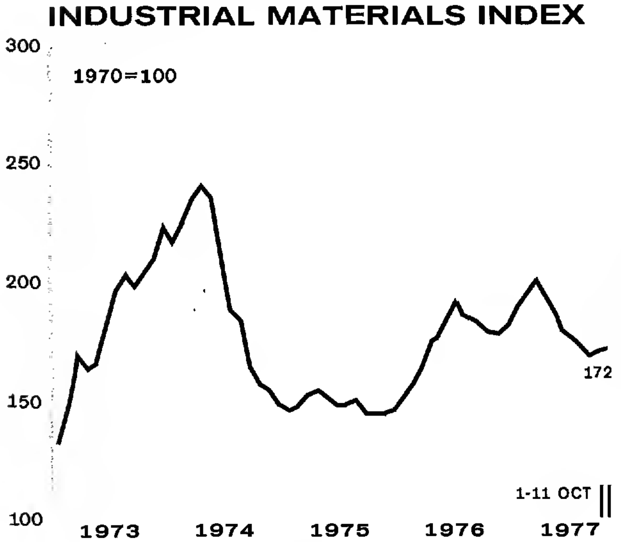
RUBBER



LUMBER INDEX[6]



INDUSTRIAL MATERIALS INDEX



[1]Approximates world market price frequently used by major world producers and traders, although only small quantities of these metals are actually traded on the LME.

[2]Producers' price, covers most primary metals sold in the US.

[3]As of 1 Dec 75, US tin price quoted is "Tin NY lb composite."

[4]Quoted on New York market.

[5]S-type styrene, US export price.

[6]This index is compiled by using the average of 13 types of lumber whose prices are regarded as "bell wethers" of US lumber construction costs.

[7]Composite price for Chicago, Philadelphia, and Pittsburgh.

NOTE: The industrial materials index is compiled by the Economist for 19 raw materials which enter international trade. Commodities are weighted by 3-year moving averages of imports into industrialized countries.

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STAT

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